

the Treasury to convey to the city of Wilmington, N. C., Marine Hospital Reservation", being chapter 93, United States Statutes at Large, volume 42, part 1, page 1260, approved February 17, 1923; to the Committee on Public Buildings and Grounds.

By Mr. DUNN: A bill (H. R. 8655) to provide \$200,000,000 for the prevention and the cure of cancer, infantile paralysis, tuberculosis, blindness, deafness, and other social diseases; to the Committee on Interstate and Foreign Commerce.

By Mr. CELLER: Joint resolution (H. J. Res. 529) providing for the postponement of filing undistributed profits tax returns; to the Committee on Ways and Means.

By Mr. DORSEY: Joint resolution (H. J. Res. 530) authorizing the President to invite foreign countries to participate in the ceremonies to commemorate the one hundred and fiftieth anniversary of the national ratification of the Constitution of the United States in Philadelphia, Pa., June 17 to 21, 1938; to the Committee on Foreign Affairs.

By Mr. HEALEY: Joint resolution (H. J. Res. 531) to express the disapproval of Congress of the entering into of a reciprocal-trade agreement between the United States and Czechoslovakia; to the Committee on Ways and Means.

By Mr. SHANLEY: Joint resolution (H. J. Res. 532) creating a joint committee to hold hearings, study the antitrust problems in all their interlocking components and recommend legislation for the third session of the Seventy-fifth Congress not later than February 28, 1938; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOYLAN of New York: A bill (H. R. 8656) for the relief of James M. D'Arcy; to the Committee on Claims.

By Mr. DOWELL: A bill (H. R. 8657) for the relief of Mary P. Fairfield; to the Committee on Claims.

By Mr. MARTIN of Massachusetts: A bill (H. R. 8658) for the relief of Antone C. Teves; to the Committee on Naval Affairs.

By Mr. SACKS: A bill (H. R. 8659) for the relief of Harry George Drachmos; to the Committee on Immigration and Naturalization.

By Mr. SHEPPARD: A bill (H. R. 8660) for the relief of Ray Woolven; to the Committee on Pensions.

Also, a bill (H. R. 8661) for the relief of Roy Masters Worley; to the Committee on Pensions.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3545. By Mr. CURLEY: Petition of the Chamber of Commerce of State of New York, urging immediate repeal of undistributed-profits tax and the capital-gains tax; to the Committee on Ways and Means.

3546. Also, petition of the employees of Army base, Brooklyn, N. Y., endorsing the McCormack bill establishing a 5-day week for Federal employees; to the Committee on the Civil Service.

3547. By Mr. JARRETT: Petition of the Warren County (Pa.) Pomona Grange, No. 10, opposing the Black-Connery bill; to the Committee on Labor.

3548. By Mr. BOYLAN of New York: Resolution adopted by the board of directors of the American Institute of Architects favoring the repeal of the surtax on undistributed profits; to the Committee on Ways and Means.

3549. Also, resolution adopted by the Chamber of Commerce of the State of New York, favoring the repeal of the undistributed-profits tax and a modification of the capital-gains tax; to the Committee on Ways and Means.

3550. By Mr. COFFEE of Washington: Resolution of the Central Labor Council of Seattle and vicinity, affiliated with the American Federation of Labor, wholeheartedly endorsing and urging the prompt enactment of House bill 8239, known as the Federal arts bill, introduced by Mr. COFFEE of Washington; to the Committee on Education.

3551. By Mr. CULKIN: Petition of the Union Grange, No. 5, Belleville, N. Y., with 180 members, opposing enactment of the wage-hour bill; to the Committee on Labor.

3552. Also, petition of the Northeastern Forest Research Council, urging the United States Department of Agriculture to take immediate steps for control of the European spruce sawfly through use of parasites; to the Committee on Agriculture.

3553. Also, petition of the Kirkland Grange, No. 684, Redwood, N. Y., opposing passage of the train-limit bill; to the Committee on Interstate and Foreign Commerce.

3554. Also, petition of the River Bank Grange, P. of H., No. 534, Lewis County, N. Y., opposing passage of the wage and hour bill; to the Committee on Labor.

3555. By Mr. KEOGH: Petition of the United Paperboard Co., New York City, concerning the undistributed-profits tax; to the Committee on Ways and Means.

3556. Also, petition of the Greater New York Retail Furnishings & Dry Goods Association, Inc., New York City, concerning the Patman bill (H. R. 4722), manufacturer-retailer bill; to the Committee on Interstate and Foreign Commerce.

3557. By Mr. MEAD: Petition of the National Maritime Union of Buffalo, N. Y., urging boycott of goods manufactured in Italy and Germany until those countries cease participation in Spanish difficulty; to the Committee on Foreign Affairs.

3558. By the SPEAKER: Petition of the American Legion, Kings County, N. Y., concerning American citizenship certificates; to the Committee on Immigration and Naturalization.

## SENATE

THURSDAY, DECEMBER 9, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, December 8, 1937, was dispensed with, and the Journal was approved.

#### CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	Overton
Andrews	Davis	King	Pepper
Ashurst	Dieterich	La Follette	Pittman
Austin	Donahay	Lee	Pope
Bailey	Duffy	Lewis	Radcliffe
Bankhead	Ellender	Lodge	Reynolds
Barkley	Frazier	Logan	Russell
Berry	George	Lonergan	Schwartz
Bilbo	Gerry	Lundeen	Schwellenbach
Borah	Gibson	McAdoo	Sheppard
Bridges	Gillette	McCarran	Shipstead
Brown, Mich.	Glass	McGill	Smith
Brown, N. H.	Graves	McKellar	Steiwer
Bulkeley	Green	McNary	Thomas, Okla.
Bulow	Guffey	Maloney	Thomas, Utah
Burke	Hale	Miller	Townsend
Byrd	Harrison	Minton	Truman
Byrnes	Hatch	Moore	Tydings
Capper	Hayden	Murray	Vandenberg
Caraway	Herring	Neely	Van Nuys
Chavez	Hitchcock	Norris	Wagner
Clark	Holt	Nye	Walsh
Connally	Johnson, Calif.	O'Mahoney	

Mr. LEWIS. I announce the absence of the Senator from Washington [Mr. BONE] and the Senator from Delaware [Mr. HUGHES], who are detained from the Senate because of illness.

The Senator from New Jersey [Mr. SMATHERS] is detained because of illness in his family.

The Senator from Montana [Mr. WHEELER] is necessarily detained from the Senate.

I ask that this announcement go into the RECORD for the day.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

#### DISPOSITION OF OLD OR OBSOLETE MERCHANT TONNAGE

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Maritime Commission, transmitting, pursuant to law, a report dealing with the scrapping or removal from service of old or obsolete merchant tonnage owned by the United States or in use by the merchant marine, which, with the accompanying report, was referred to the Committee on Commerce.

#### PETITIONS

The VICE PRESIDENT laid before the Senate a resolution adopted by Philippines Post, No. 1164, the American Legion (Kings County), Brooklyn, N. Y., favoring the enactment of legislation admitting Filipino World War veterans to American citizenship without limitation as to time of application, which was referred to the Committee on Immigration.

Mr. TYDINGS presented a petition of sundry citizens of the State of Maryland, praying for the adoption of the so-called Ludlow resolution, being the joint resolution (H. J. Res. 199) proposing an amendment to the Constitution of the United States to provide for a referendum on war, which was referred to the Committee on the Judiciary.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HATCH:

A bill (S. 3110) for the relief of Dixon A. Gregg;

A bill (S. 3111) for the relief of the estate of Lillie Liston; and

A bill (S. 3112) for the relief of Mr. and Mrs. B. W. Trent; to the Committee on Claims.

By Mr. LEWIS:

A bill (S. 3113) for the relief of George W. Mason, trustee for the Congress Construction Co.; to the Committee on Claims.

#### AMENDMENT OF TAX LAW

Mr. KING submitted an amendment intended to be proposed by him to the bill (H. R. 6215) to repeal provisions of the income tax requiring lists of compensation paid to officers and employees of corporations, which was ordered to lie on the table and to be printed.

#### AGRICULTURAL RELIEF—AMENDMENTS

Mr. LEE, Mr. SMITH, Mr. CAPPER, Mr. CONNALLY, and Mr. REYNOLDS each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were severally ordered to lie on the table and to be printed.

#### INVESTIGATION OF DOMESTIC ALLOTMENT PLANS

Mr. HATCH submitted the following concurrent resolution (S. Con. Res. 22), which was referred to the Committee on Agriculture and Forestry:

*Resolved by the Senate (the House of Representatives concurring).* That the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives are directed to make a complete study of the various so-called domestic allotment plans which have been proposed as the bases of legislation to improve American agricultural conditions, the cost of same, and to report to their respective Houses of Congress, at the earliest practicable date with respect to the most desirable method or plan for applying the domestic allotment principles to American agriculture.

#### NATIONAL LABOR RELATIONS BOARD

Mr. BURKE submitted the following resolution (S. Res. 207), which was referred to the Committee on the Judiciary:

Whereas for the purpose of diminishing the causes of labor disputes and assuring to all industrial workers the full and free right of collective bargaining Congress enacted the National Labor Relations Act and placed the administration of said act in the National Labor Relations Board; and

Whereas said Board is vested with judicial or quasi-judicial powers which necessitate the fair and impartial performance of its functions under said act; and

Whereas there are widespread charges that said Board has been guilty of continuous and flagrant violation of the will of Congress as expressed in said act, and has failed to conduct itself, and to require the proceedings of its examiners and agents to be conducted, in the impartial manner required of a body exercising judicial or quasi-judicial powers, in the following particulars, among others, to wit:

(a) That it has favored one type of union organization as opposed to all other groups;

(b) That it has intimidated local public officials, witnesses, employers, and workers;

(c) That it has ordered the cancelation of valid contracts between employers and workers in defiance of the decrees of Federal courts;

(d) That it has violated the right of freedom of speech and freedom of the press;

(e) That its conduct has been such as to engender disrespect for law and order, increase dissension in industrial relations, and defeat the purposes of the National Labor Relations Act; and

Whereas it is imperative that the truth or falsity of these charges be ascertained by an investigation of the activities of the National Labor Relations Board in order that Congress may be guided in the enactment of such remedial legislation as may be necessary: Therefore be it

*Resolved,* That the Committee on the Judiciary of the Senate be authorized and directed to make an investigation of the administration of the National Labor Relations Act by the National Labor Relations Board.

The committee shall report to the Senate as soon as is practicable the results of its investigation, together with its recommendation for the enactment of any remedial legislation it may deem necessary to insure that said Board shall function in an impartial and judicial manner.

For the purposes of this resolution the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-fifth and succeeding Congresses, to employ clerical and other assistance, to require by subpoena, or otherwise, the attendance of such witnesses and the production of such correspondence, books, papers, and documents; to make such investigations, to administer such oaths, to take such testimony, and to incur such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per 100 words. The expenses of the committee, which shall not exceed \$25,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### BRITISH IMPERIAL WAR COUNCIL REPORT

[Mr. LODGE asked and obtained leave to have inserted in the RECORD a dispatch carried by the International News Service on November 14, 1937, relative to a secret report made to the British Imperial War Council in the Spring of 1917, which appears in the Appendix.]

#### INDUSTRY'S OUTLOOK—ADDRESS BY LAMMOT DU PONT BEFORE THE NATIONAL ASSOCIATION OF MANUFACTURERS

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD an address entitled "Industry's Outlook," delivered on the 7th instant before the luncheon meeting of the National Association of Manufacturers at the Waldorf-Astoria Hotel, New York City, by Lammot du Pont, president of E. I. du Pont de Nemours & Co., which appears in the Appendix.]

#### AGRICULTURAL RELIEF—ADDRESS BY SENATOR REYNOLDS

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an address on the subject of agricultural relief, delivered by him before the North Carolina Farm Bureau of Federation at Raleigh, N. C., September 8, 1937, which appears in the Appendix.]

#### REDEALING THE NEW DEAL—EDITORIAL FROM THE WASHINGTON TIMES

[Mr. MINTON asked and obtained leave to have printed in the RECORD an editorial from the Washington Times of December 8, 1937, entitled "Redealing the New Deal," which appears in the Appendix.]

#### ADDRESS BY LOUIS JOHNSON BEFORE THE INDIANA DEPARTMENT OF THE RESERVE OFFICERS' ASSOCIATION

[Mr. MINTON asked and obtained leave to have printed in the RECORD an address delivered by Hon. Louis Johnson, Assistant Secretary of War, at the annual dinner of the Indiana Department of the Reserve Officers' Association, held at the Claypool Hotel, Indianapolis, Ind., December 4, 1937, which appears in the Appendix.]



ADDRESS BY HON. HENRY A. WALLACE, SECRETARY OF AGRICULTURE

[Mr. HERRING asked and obtained leave to have published in the Appendix of the RECORD a radio address delivered by Hon. Henry A. Wallace, Secretary of Agriculture, on the mutual problems of agriculture, business, and labor, which appears in the Appendix.]

#### AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. POPE. Mr. President, on yesterday I had a colloquy with the Senator from Oregon [Mr. McNARY] with reference to an amendment concerning marketing quotas. The illustration which I gave had to do with a noncooperator. The Senator requested me to use the same period, and to have calculated the amount of the marketing quota and the amount that would need to be stored by a cooperator farming the same number of acres under the same conditions. That I have done, and I should like to introduce it in the RECORD as part of my statement.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Base acreage.....	acres.....	200
Assume 77 percent (marketing percentage) of base.....	do.....	154
Assume that cooperator's contract calls for a diversion of 15 percent of the base.		
Then acreage planted by cooperator.....	acres.....	170
If actual yield is 15 bushels per acre?		
Then actual production.....	bushels.....	2,550
Acres planted in excess of marketing percentage (170 minus 154).....	acres.....	16
Normal yield of excess acres (at 10 bushels per acre).....	bushels.....	160
Then marketing quota.....	do.....	2,390
Amount to be stored.....	do.....	160

The VICE PRESIDENT. When the Senate took a recess yesterday the Senate had reached what is known as the tobacco schedule. A number of amendments had been passed over. Unless some Senator requests a return to those amendments the clerk will state the first amendment in the tobacco schedule.

Mr. PEPPER. Mr. President, I have some amendments to section 42 which I should like to present when that section is reached.

The VICE PRESIDENT. The Chair is advised that we have not yet reached section 42.

Mr. McNARY. Mr. President, as the Chair has stated, a number of amendments have been passed over. They reach back to some very fundamental principles in the bill. I think we should consider and dispose of those amendments, if possible. The whole philosophy of the bill runs clear through some of them. I think the argument on the various commodities could be shortened by reverting to those amendments over which we have passed.

The VICE PRESIDENT. Without consulting the Parliamentarian, the Chair would hold under general parliamentary law that if any Senator asks to return to the amendments which have been passed over that request would have to be granted, unless the amendments should be again passed over. The order of the Senate was to consider the committee amendments first. The amendments referred to were passed over, but to no definite time, so today they are subject to be brought up by any Senator unless they are again passed over by unanimous consent.

Mr. HAYDEN. Mr. President, the committee amendments which were passed over late yesterday afternoon were paragraphs (b) and (c) on pages 34 and 35. As to paragraph (c), the Senator from Louisiana [Mr. OVERTON] desires to offer an amendment. The Senator telephoned me this morning, saying that he could not be present promptly when the Senate assembled, and asked me to request that until he returns paragraph (c) be not considered.

As to paragraph (b), I have an amendment prepared to that paragraph which depends upon the adoption of the definitions in the committee amendments on pages 68 and 69 of "normal yield" and "normal production." If the defi-

nitions of "normal yield" and "normal production" there contained in the bill are adopted, then we shall know what is meant by "normal production" in paragraph (b) and what "normal yield" means in the amendment I shall propose to the bill. For that reason I ask that amendment (b) go over until we adopt the definitions on pages 68 and 69. Those were the reasons for passing over paragraphs (b) and (c). There may be other amendments that I know nothing about.

Mr. McNARY. I make no reference to those amendments passed over in the cotton section.

Mr. McKELLAR. I, too, should like to have the paragraphs mentioned go over.

The VICE PRESIDENT. They went over. The Chair has been advised that eight amendments have been passed over up to the present time.

Mr. McNARY. My record indicates that the first one is found on page 3.

The VICE PRESIDENT. The Chair is advised by the Parliamentarian that that amendment was agreed to yesterday.

Mr. McNARY. The next one is on page 10.

The VICE PRESIDENT. The next amendment that was passed over, in the order in which they were passed over, is on page 10, passed over at the request of the Senator from Alabama [Mr. BANKHEAD] and the Senator from Arizona [Mr. HAYDEN].

Mr. McNARY. I am not asking that we take up these amendments. I think if the Senators are ready to proceed, we ought to clean up the bill as far as we can up to this point. If they are not ready, I suggest that whoever is responsible for the section of the bill dealing with tobacco make a statement with regard to what it is attempted to accomplish by the language referring to that subject.

The VICE PRESIDENT. Without objection, the clerk will state the first amendment in the tobacco section of the bill.

The CHIEF CLERK. On page 40, after line 11, it is proposed to insert the word "Tobacco."

Mr. ELLENDER. Mr. President, I have an amendment to line 12 which I should like to have stated.

The VICE PRESIDENT. Is it an amendment to the committee amendment? This committee amendment has not been disposed of.

Mr. ELLENDER. What is the amendment?

The VICE PRESIDENT. The amendment will be restated.

The CHIEF CLERK. On page 40, line 12, it is proposed to insert the word "Tobacco."

Mr. ELLENDER. That word is there now.

Mr. BARKLEY. That is simply the title.

Mr. ELLENDER. I should like to have my amendment stated.

The VICE PRESIDENT. The amendment offered by the Senator from Louisiana to the amendment of the committee will be stated.

The CHIEF CLERK. On page 40, line 12, it is proposed to strike out the word "Tobacco" and to insert in lieu thereof the following:

Title IV—Marketing Quotas for Tobacco.

Mr. ELLENDER. Mr. President, the purpose of the amendment is self-evident.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana to the amendment reported by the committee.

Mr. COPELAND. Mr. President, I desire to take this opportunity to call again to the attention of the Senate the unsatisfactory state of business activity in the country. I realize that to those who have a supreme interest in the one-crop farmers of America, the general state of the business activity of the country is at the moment of small concern, as compared with the proposals of the pending bill. But it is not of small concern to me, and it should not be of small concern, of course, to any Member of the Senate.

I have told the Senate that I never fail to read the weekly review of business conditions as prepared and issued by the



Department of Commerce. For a long time there has been nothing in these reports to cause any cheering, but the worst of recorded conditions is disclosed by the report received today.

According to the official chart, we have a marked decline in industrial activity, down now to 80 percent of normal. We have a tremendous decline in steel-ingot production, down to about one-third of normal. This particular decline indicates the failure of the building of heavy machinery and other construction in the country.

Even more distressing is the record as regards carloadings, which are now not only very much below last year but even below the year before. The industrial output in most major lines of production, according to this report, was substantially lower. While activities sometimes fall off at this time of the year, they are very much below any previous year. The consumption of electric power fell off 7 percent. This is the first occasion since September 1934, when there was a decline in the use of electric power.

We find that crude petroleum production has declined 4 percent. It is 73,000 barrels below the daily output recommended by the Bureau of Mines as being adequate for the anticipated demands of November.

Mr. GUFFEY. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Pennsylvania?

Mr. COPELAND. I yield.

Mr. GUFFEY. Does the statement show they were shut down for 4 days and that 10,000,000 barrels were withdrawn from stock deliberately?

Mr. COPELAND. Production is far below the production of the same week last year and the year before when there was a shut-down on account of a holiday.

Mr. GUFFEY. Does the statement show there were 10,000,000 barrels withdrawn from stock during the same period?

Mr. COPELAND. It does not. The Senator may be interested, however, to know there has been a very marked decline also in car loadings relative to coal and coke, as well as largely relative declines in other classes of freight.

Mr. President, these are matters of great concern. They have their effect upon unemployment. I noticed that in one of the small cities of my State yesterday there was not money enough in the city treasury to pay the sanitation employees of the city. All such employees were dismissed. The situation has gone to such an extent that in my city employment is reduced to an extent which is startling.

Mr. President, there is much confusion and disorder in the Chamber. I know this statement I am making is not important to some, but I should like to proceed uninterrupted. All I will get out of this bill for my people in New York State is simply a reminder of conditions, because, knowing how the ways are greased, there is no doubt about the pending bill passing. When it does pass it will be calamitous to the dairy farmers and to the one-family farms of the State of New York and other States of the Union.

This morning I saw in a New York paper a statement that a man was arrested for stealing a quart of milk in order that he might feed his baby. Of course, we must have prosperity for the cotton farmer, the wheat farmer, the corn farmer, and the tobacco farmer, no matter what happens to the poor of the cities; but are we going forward with this measure which means another added tax to the burden of our country and more distress in our country? It is all right for us to give thought to these matters relating to agriculture, but why not give some thought, and serious thought, too, and take effective action looking to such peace in the industrial world that there may be normal and legitimate employment for the people?

I received a very interesting letter yesterday pointing out a statement made by a friend of mine—I do not happen to have the letter here at the moment—that when he found it necessary to lay off his bricklayers in New York because of his inability to go forward with construction, the workmen, presumably unfamiliar with the laws of economics, although I think many of them are familiar with them, said,

"Why is not peace made so there may be employment through the investment of private funds?"

I have said a thousand times that I have no interest in New York City below Seventeenth Street. I am not interested in Wall Street, but I am interested and every man with humane instincts must be interested in recovery founded upon normal conditions and not simply upon a continuance of methods for "priming the pump."

No one knows the probable cost of the bill now before us. No one seems to be able to estimate its probable cost. It may run to a billion or two billion dollars. It is all right that under order we must go forward with the consideration of the bill, but, so far as I am concerned, I never was more distressed or disheartened over what may occur in America. But in contrast to that feeling is this thought: I believe sincerely if more than a gesture were made, if actual evidence of peace between the administration and industry could be presented, that by the 1st of February we would find an upbuilding of activity in our country such as it has not witnessed for years. To me, Mr. President, that is far more important than what can be done for the one-crop farmers of the country, particularly when we remember that the bill is seeking to do for other farmers the greatest sort of injustice.

I have spoken here for the dairy farmer. The bill as it is now written imposes upon him and upon the one-family farm exactly the same restrictions and penalties that will be imposed upon the one-crop farmer, while the latter gains great monetary benefit by the enactment of the bill into law.

Why should we seek here, Mr. President, to impose burdens upon those who can in no way whatever benefit by the terms of the bill? They will suffer all the penalties of the bill without any possibility of advantage. It is unfair, it is unjust, and I hope the Senate in its wisdom may see fit to do something more for the dairy and one-family farmers so they may escape these penalties.

In the meantime I should not be true to my conscience or true to my conception of my oath or true to the needs of my country if I did not call attention, whether that call is agreeable or otherwise, to what I regard as a serious menace to the welfare of America. Why place over the American people continued restrictions and disabilities when by the exercise of common sense in another field we might create a situation which would bring on recovery? That is a matter of importance far greater to the one-crop farmer who is to be benefited by the bill and would give him more benefits than he may receive from the Treasury of the United States by the application of the provisions of the bill which we are now considering.

Mr. LEE. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LEE. Is it in order for me to offer at this time a substitute for the cotton title?

The PRESIDENT pro tempore. When the committee amendments to the cotton title are disposed of the Senator may offer an amendment to the entire cotton title in the nature of a substitute. It will not be in order, however, until the committee amendments to that title are completed.

Mr. LEE. Then am I to understand that it would not require a motion to reconsider in order that I might offer a substitute after the committee amendments to the cotton title have been agreed to?

The PRESIDENT pro tempore. It would not require such a motion.

Mr. LEE. Mr. President, I have never been one to object to something proposed unless I could offer something else that I at least thought was better. No Member of this body is going to be able to say, if he votes for the committee bill, that he did not have anything else for which he could vote.

I intend to offer a substitute for the cotton title at the proper time. The committee bill as it stands, according to the admission of its proponents, will give no help to the cotton farmer this year, or next year, and very little is promised for the next year.



Mr. BANKHEAD. Mr. President, I do not know whether the Senator includes me in that or not, but I certainly made no such assertion.

Mr. LEE. I understood the Senator from Alabama to say on the floor of the Senate twice that he could not promise much help under this bill next year.

Mr. BANKHEAD. I should like to have the Senator find that language.

Mr. LEE. If I misunderstood the Senator, I shall be glad to be corrected.

Mr. BANKHEAD. I will tell the Senator what I do think about next year. I think that unless this bill shall be enacted, or the principles contained in the bill shall be put on the statute books, we will have the worst condition in the South we have had in many long years. That is what I think about next year.

Mr. LEE. Does the Senator think his bill will give the farmer any more for his cotton next year?

Mr. BANKHEAD. Of course I think so, and I argued it here by the hour. How the Senator has drawn that construction from what I have said it is impossible for me to understand.

Mr. LEE. At the proper time I will present the Senator's own statement, after I have had time to look it up in the RECORD. If I have misunderstood him, it was, of course, unintentional.

In my opinion the bill offered will not be worth any more to a farmer next year than a glass eye to an old maid at a keyhole. [Laughter.] I do not see how it will raise the price, when we have on hand such a tremendous surplus, and I think it will put us in the position of not having any more chance at the foreign trade than a one-legged man at a pants kicking. [Laughter.] If that reduction is put on us, away goes our foreign trade. So I propose to offer a substitute.

Mr. President, I know farming. I live in the little town of Norman, Okla., where two State institutions are located—the State university and the State asylum for the insane. The difference between the two is this: It is absolutely necessary to show some mental improvement in order to get out of the asylum. [Laughter.]

I got out of the university in 1917, but I at least learned something from the other institution. When farmers were breaking their backs picking cotton at 4½ cents a pound, a farmer started home, and his road led past the asylum for the insane, around the grounds of which is a woven wire fence. There are beautiful flowers and shrubs, on a well-kept lawn, croquet yards, and things of that sort, and the inmates are allowed to roam about at will.

The farmer to whom I have referred pulled his car up beside the woven wire fence to do some work on the car. One of the inmates walked up to the fence and began to engage the farmer in conversation. He said, "You live here?"

The farmer said, "No; I live down the road a couple of miles."

"What do you do?"

"Oh, I am a farmer over here."

"Were you ever crazy?"

The farmer replied, "No; I never was."

The inmate said, "It beats farming." [Laughter.]

When a man is trying to raise cotton without aid from the Government to equalize the injustice brought about by the tariff, I can fully sympathize with that statement.

The substitute I intend to offer I wish to explain as briefly and as clearly as possible. It is based on the domestic allotment plan, of allotting to each farmer his fair share of the American market. It provides that the Secretary of Agriculture shall issue to each farmer tags for his part of the cotton, which will be used for domestic consumption.

This plan does not contemplate any appropriation from the Treasury. The plan is based upon a pegged price, which I will explain. That price is 20 cents a pound, a 20-cent bottom for cotton. It is provided that the farmer can either get a loan from the Commodity Credit Corporation at parity, if parity is above 20 cents, or at 20 cents a pound for cotton seven-eighths of an inch in length, middling grade.

The loan method of pegging the price has been used before, so that is not unusual. The cotton that is tagged is the amount that is meant for domestic use, and it shall be unlawful for any processor to process cotton that is not tagged, except for export trade. In that case he may process untagged cotton if he can satisfy the Secretary that he exports that amount. That, in brief, is the plan.

So far as the cotton surplus now on hand is concerned, the plan provides that those who already have it shall have one-fourth of the domestic market allotted to them next year, and one-fourth the next year. It means that over a period of 2 years there will be a chance of at least half the cotton on hand being sold in the domestic market.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. LEE. I yield briefly.

Mr. SCHWELLENBACH. In view of the fact that the Senator is intending to propose this amendment as a substitute for the cotton title, is it now the Senator's plan to eliminate wheat and corn from the printed substitute?

Mr. LEE. I intend to propose that as an amendment if the amendment in the nature of a substitute shall not be agreed to.

Mr. SCHWELLENBACH. If this is agreed to, will the Senator then abandon the substitute so far as wheat and corn are concerned?

Mr. LEE. I have not decided. This amendment would take care of a most acute situation at the present time. The cotton farmer is in a class by himself, so far as the emergency is concerned, and certainly we would be within our rights and doing our duty in giving special attention to his situation.

I fully sympathize with the members of the committee. I know them to be as sincere in their efforts as men can possibly be. I simply see the problem from a different angle, however. I want something that will help the farmer next year, something that will not strangle him.

The only argument that has been raised against the substitute I propose to offer later has been that it would take money out of the Treasury. This plan will not take money out of the Treasury; it will mean the use of the loan price pegging device in the case of cotton.

Some raised their eyebrows at 20-cents-a-pound cotton, but I adopted that figure after a consideration of all the figures to which I have had access. I quote in particular, Colonel Westbrook, formerly of the W. P. A., who is accustomed to figuring man-hour labor. His statement is that for every pound of cotton produced it takes 1 man-hour of labor, and exactly the number of cents a pound we allow for cotton is the number of cents we are allowing for an hour of labor. If cotton is 7½ cents per pound that means that the labor that produced cotton received 7½ cents per hour, and if cotton is pegged at 20 cents per pound that means that the labor that produced it receives 20 cents per pound.

In our provision for hourly wages under the wage-hour bill, we have fixed a minimum of 40 cents an hour, and we pay the relief labor 40 cents an hour, then surely we are not being extravagant when we peg the price of labor for those who bend their backs in the cottonfields and pick the cotton, the most drudgerylike farming there is—we are not beyond reason when we allow them 20 cents an hour for that labor.

Some argue that this proposal would encourage an unlimited production. I argue that it will not. Let me show how it will work. The farmer will be allotted his fair share of the home market, let us say 10 bales. I have provided a 10-bale ceiling, which is graduated above that in a fair ratio. So that each family will have a chance. The ceiling will be 10 bales, and graduated above that as follows: The next 4 bales would be reduced 25 percent, the next 4 bales reduced 50 percent, and all above that reduced 25 percent.

But let us say that a farmer's allotment is 10 bales. He will know that for the 10 bales he will receive at least 20 cents a pound.



The other day I made that statement on the floor of the Senate that under this plan the farmer will be confronted with producing part of his crop at a profit, the part allotted to him for domestic use; and part at a loss, the part he produces above his allotment, which must be sold abroad, and the junior Senator from Texas [Mr. CONNALLY] asked, "Why raise part of it at a profit and the other part at a loss?" Exactly! I thank the Senator for that contribution. Is not that the same question the farmer will ask himself—Why raise this other at a loss? Will not that be the effect of causing him to curtail his production? He will plant just enough to allow for a lean year, a bad year, so that he can get his full allotment, and thus this plan will not result in unlimited production, but will result in an automatic voluntary limitation on the part of the farmer.

The proposal I intend to submit will also allow him to carry over as many bales from last year, for which he has no allotment, and allow him to use it for the allotment of next year. So that if there is a condition, as we have had in Oklahoma, where the boll weevil ate up everything but the mortgage, the farmer can take the stored cotton and use it for his allotment next year, and in that way there will be an ever-normal supply of cotton, without all the procedure provided in the committee bill.

Mr. President, that will mean that the farmer will say, "The more I put in the more it lowers my average." Would not the farmer say that? Will he not say, "I dare not plow up the face of the earth and raise an unlimited amount, because it will lower my income?"

The farmer has never had a chance to choose as between profitable cotton and unprofitable cotton. He has had only unprofitable cotton, at 4½ or 5 cents a pound, at the worst. He said, "I have a fixed obligation in the way of taxes, I have a fixed obligation in the way of interest. It will take so many bales of cotton to meet those obligations." So he expanded, by force of sheer necessity, whereas under my proposal it will not be necessary for him to increase his production in order to make up for its decreased value, but he will receive a fair price for enough that he will not be forced to so increase his crop.

Mr. President, the greatest law of life is the law of self-preservation. The farmer is not going to dissipate the income he gets for his profitable cotton and use it to produce unprofitable cotton. But he will plant only enough to allow a margin of production sufficient to insure him his full quota of allotment.

I should like to have the Senator from New York give me his attention. He has been doing his best, along with the Senator from Wisconsin and other Senators to protect the dairy farmer from competition that will result from the diverted acres as provided in the committee bill, and every time he turns around he runs into a new obstacle.

Senators cannot predict what will be done or what will not be done with the acres diverted from production of these crops it is proposed to reduce. If the cotton is swept from the fertile acres of Dixie, the farmers will raise other commodities. The Senators who represent States that produce other commodities have a stake in this game. Sweep cotton off the fertile black lands of Texas, and with the sunshine of Dixie, and a little or no frost, the farmers there can produce anything, and they will produce other commodities. If a program to curtail the production is put into effect, of course those diverted acres will be planted to other things. They can raid the dairy markets, they can raid the fruit markets, and what market will they not raid if cotton is swept from those acres?

The PRESIDENT pro tempore. The Senator's time on the amendment has expired.

Mr. LEE. I will take my time on the bill.

I now come to the question of foreign trade. What chance have we to trade with the world? Can we sell our commodities on the world market if we raise cotton to 16½ cents a pound? If the plan of Senators who are proposing the committee bill would work out smoothly, which I doubt very seriously, and they could raise cotton to 16½ cents a pound today, what would happen to the over 5,000,000 bales

of cotton we export? Do Senators think we could sell those 5,000,000 bales in competition with 6½-cent cotton from the Orient, from Egypt, from Africa, and from India? Do they think we could compete with cotton from those areas if we raised the price of American cotton?

I agree with Senators who say that people prefer American cotton because of its quality; but they will not prefer it to the tune of 9 cents a pound difference. We like American goods; we can swell out our chests with a certain national egotism and say that American cotton is so good that no matter what price we fix, people will buy it. But how can the Senators answer the figures which show that from 1934 to 1937 the decline in our foreign trade has been over 2,000,000 bales, at the same time the world consumption has increased 5,000,000 bales? Will Senators argue that off?

Let me ask Senators something else. How are we accounting for the fact that for the year of 1936-37 the importation of cotton into the United States increased more than 100 percent over the year 1934-35? The exact figures being 116,000 bales imported in 1934-35 and 266,000 bales imported in 1936-37. It is said that is only a small amount. But it was an increase of more than 100 percent over the year before—266,000 bales. If the bill under consideration goes into effect, in a short time we shall be coming in here asking for a tariff to protect the American growers from the importation of cotton.

I desire to read some telegrams. I have several telegrams from Texas—Texas which produces about one-fourth of the cotton of the United States. I read:

Present indications point to an increased demand for State registered cottonseed for foreign shipment during the current season.

I read another telegram:

Expect ship about 25 percent my certified seed on foreign orders this season regards.

I read a telegram from another certified seed company—

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. CONNALLY. Who sent the telegrams the Senator read?

Mr. LEE. One was from A. D. Medbane Cotton Seed Co.; the other from John D. Rogers. In the latter case it does not say what company. The next one is signed by R. V. Miller, secretary, State seed and plant board:

State registered certified cottonseed shipments to foreign countries during period 1927-1935, inclusive, 83,000 bushels. Total seed produced during this period amounted to 5,000,000 bushels. In 1936, 89,000 bushels exported, approximately 34 percent of amount produced that season. Present foreign inquiries brisk, and indications are for heavier shipments this season.

One from W. W. Bagley & Sons, State registered cotton breeders:

For past two seasons demand for our Bagley State registered cotton planting seed has been increasing in foreign countries. Past season 42 percent of our entire output was exported. Present indications are all export larger percentage this season.

Here is one from Ferris Watson & Sons:

Fifteen percent of our pedigreed cottonseed last season went to foreign countries. Present indications are that our foreign demand this season will be more than double. We strongly favor the domestic allotment plan for cotton program as sponsored by Congressman Page, of Waco.

Much of that same plan is involved in the substitute I am offering.

I have a telegram from the bookkeeper of the Texas Department of Agriculture:

One Texas certified seed grower has received order from Italian Government for shipment of 33,000 bushels cottonseed to Ethiopia. In addition, 10 metric tons of other varieties to be shipped. At least one-third Texas certified seed sold to foreign countries. Thought you might want this information.

That amount, according to the commissioner of agriculture of the State of Texas, Mr. McDonald, will plant 100,000 acres of cotton.

Last year, or whenever it was that we made the cut, we cut 12,000,000 acres off of American production and the world



production increased 15,000,000 acres. How are we going to hold our market in the face of these cold-blooded facts? How can we sell our commodities unless we contemplate in legislation here a two-price system or some other sort of device that involves guaranteeing the farmer his share of the home market at a fair price and then let the surplus seek its level in the world market? It is not material to me whose plan it is or how it is arranged. Our standard of living in America is higher than that of other competing countries, and unless we give our farmers some kind of advantage in the home market we are forcing them to compete with pauper labor, making them come in competition with the Hottentots, with the coolies, Hindus, and all of those lowest types of labor. We cannot compete with that kind of labor unless we give our farmers the American market at a profitable price for his commodities. But if we give the American farmer the economic advantage of a fair price on what we wear in this country, he can whip the stuffings out of those foreign markets in his competition because of that economic advantage, and he will go in and do it. We could sell our surplus today, we could have sold it yesterday, if we put the price down to the point where the world will buy, but we cannot do that and sell it to the advantage of the American farmer today, because that would also lower the price he gets for what we use in this country.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. LEE. I yield briefly, if the Senator pleases, because my time is limited.

Mr. REYNOLDS. North Carolina produces more cotton per acre than any other State in the Union. I know that Texas produces one-fourth of America's cotton. I am naturally very much interested in what the Senator is saying. I should like for him to tell us how we in the United States, producing 18,000,000 bales of cotton and more, as we have done this year, and the world outside of the United States having produced in excess of 20,000,000 bales of cotton this year—how we are going to compete with the other cotton-producing countries of the world, particularly Russia, China, India, Egypt, and above all Brazil, where they can produce cotton at 5 cents a pound and be satisfied with the profit? That is the thing in which I am vitally interested now. I make that inquiry, I will say to the Senator from Oklahoma, for the reason that I believe the day is not far distant when we in the United States are going to have to cease to raise cotton if we depend upon foreign markets for the consumption of our products.

Mr. LEE. The Senator is exactly right. That is why I say that the American farmer should not have to depend on the world price; and that is what the committee bill before us provides, that he must depend on the world price. That we must cut American production enough to raise the whole world price. We must make the sacrifice in America large enough to raise the whole world price level to give the farmer a fair price is the principle upon which the committee bill is based. Unless we contemplate a two-price system we cannot buck foreign competition, and we are faced with the situation of building a Chinese wall around America and producing for America only. I am not willing to do that. I am not willing to teach other countries to farm on a great scale; I am not willing to furnish them certified seed and power machinery and then bow out of the picture, and give them the world market. If our farmers want the liberty of competing with them I am willing to give the American farmers that liberty by taking off the halter and letting them produce as much cotton as they want. It is their backache if they want to do it; why not allow them that privilege. Let them produce a margin over the amount used in this country, if they desire, and that will give them an exportable surplus for foreign trade, but let them get an economic advantage by giving them a decent price on what we wear in this country—that is what I am arguing for—and giving them the liberty of producing what they want.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. SCHWELLENBACH. The Senator said that his substitute will not cause the expenditure of any money from the Treasury, and he has said that it would peg the price. Will the Senator explain in detail the mechanism that we would use in pegging the price?

Mr. LEE. Yes; by a loan from the Commodity Credit Corporation to the farmer at not less than 20 cents a pound. What does that mean? That means that the manufacturer would know that the amount we are using in this country is all that the loan is made on, and that all of that amount would be used. He knows that he has to go to the Commodity Credit Corporation and buy that cotton if the farmer has gotten a loan on it, but he knows that when the Commodity Credit Corporation buys it there will be the interest charges, carrying charges, warehouse charges, and other charges added onto it. So he will go on the market and buy directly from the farmer. Therefore it will be necessary to make very few loans, and they will be repaid, because the manufacturer cannot use any cotton that is not tagged for domestic use and since all that is tagged will be needed for domestic use the Commodity Credit Corporation will be sure to sell all it lends on. Thus there will be no cost to be paid from the Treasury; that is the answer.

Now, as to unemployment. We flinched here when I proposed this other bill. I am going to propose it. If this does not stick, I may propose it anyhow. We flinched at the idea of voting \$500,000,000 additional, or whatever it would take additional to pay the farmer a decent price on what we use in this country, because we say it is raiding the Treasury, and propaganda is being put out that "the JOSH LEE's bill will cost too much. He is raiding the Treasury. It will cost too much money." We flinched at that. Yet last year we voted one and one-half billion dollars for relief. The year before that we voted \$4,800,000,000 for relief, and yet we are sponsoring a program here under the present committee bill that will take men away from work and will put them on relief.

Mr. President, I wish to give an example. I used it before, but I will use it again. I have the name of the man in question and can submit it if desired. The man is on the pay roll helping to administer the soil-conservation program. He had a black-land farm in Texas, as rich land as lies out of doors. He had 34 tenants. When he saw the opportunity to get the payments on that land under soil conservation he turned those tenants off the land. His land is lying out there idle. Being a big corporation farmer he finds that he is getting more clean-cut cash by taking that land out of cultivation than he was getting the other way. Those 34 tenants are on the march. They are on relief. And we are paying them 40 cents an hour, those that are on relief, instead of the 20 cents an hour that would be provided under 20-cent cotton.

There are 3,000,000 people employed in the handling, the transporting, the ginning, and compressing of cotton, after it leaves the farmer, before it gets to the mill. And thus with the curtailed production, many of them will lose their jobs. How many of the tenants of the South will be turning to relief? We will have to come back here and we will have to pass legislation appropriating money to take care of them. I do not doubt at all, knowing cotton as I do, that the figures of Colonel Westbrook are correct. For every pound of cotton we are cutting off we will have to pay for a man-hour of labor somewhere in relief. Which would you prefer to do? Give them a decent price for the cotton they raise, or appropriate for outright relief, which all of us agree is undesirable?

Mr. President, the program I am sponsoring is of real benefit to the farmer and of real aid to the farmer. It gives him something. The bill I propose will give him aid. The committee bill will give him a law, an empty sack, an empty purse, and an empty stomach. My program will give him aid. It will give him absolute money in his hands. It will increase his gross income. Even from that which he sells, which is not allotted to him, there will be a certain income, which added to what he receives for his allotted quota will increase his gross income just that much. Every time



we sell a bale of cotton to a foreign country we, as a nation, are just that much wealthier. If it brings only \$25 we are \$25 wealthier in the United States than we were before we sold it. That is the way you create wealth—by selling to somebody else. You get the price and they get the cotton which is the source of embarrassment to us, because it is surplus, and they take it away.

Mr. President, my program is a real aid to the little farmer. I provide a graduated payment. I wonder if Senators desire to continue payments to the big men, to the big corporation farmers, such as we paid under Triple A—such as we are paying now under the soil-conservation program.

Let me read just a few of the payments that we made under the A. A. A. program. Here are some payments to Louisiana corporations—\$59,689.34, another \$171,084.06, another was for \$121,879.49, another was for \$46,148.70, and so on down two typewritten pages of such payments. Then another typewritten page to California companies, still another to Puerto Rico—the largest single payment was to one Puerto Rico company, it was for \$961,064; then there were unbelievable payments on rice, wheat, tobacco, cotton, and corn, and hog contracts to big corporation farms.

But what is more to the point we are still making these big payments under the soil-conservation program. Let me read you just a few. Here is one to the Delta Pine & Land Co., of Mississippi, for \$60,388.06; another, the Arizona Citrus Land Co., of Arizona, for \$47,682.47; and another to the United States Sugar Corporation, of Florida, for \$80,821.92; and a whole string of them to life-insurance companies. Here are five to Equitable Life Assurance Society totaling \$53,976.80. I have two typewritten pages of such payments all above \$10,000. I gave the largest ones, but we are making those payments now under our soil-conservation program and the committee bill will continue them. Do Senators want to keep on paying out this money to the big corporations in large payments such as I have been reading?

Mr. President, when I offered a provision for graduated payments as an amendment to the bill, it was said we cannot graduate payments. Why? Because the big corporation farmer is the one that is upsetting the market, and if we do not get him in by paying this big bounty, these tremendous payments, he will plant all of his acres and upset the balance again. He will produce so much he will flood the market. Therefore we must kowtow to him.

His margin of profit is greater than the margin of profit of the little fellow. Therefore, under this plan, unless you graduate the allotment to him, he is the one that is going to profit the most, until he puts the little farmers out of business. You are going to bankrupt the man who farms for his family, the man who farms with his family, the man who feeds his family from his farm, the man who educates his family on a little farm. You are putting him out of the picture.

My bill will give the little farmer a chance. It will give him a Chinaman's chance at least. Because it graduates the allotments to the big corporation farmer, the committee bill increases the advantage to the corporation farmer. It does not curtail the production of the corporation farmer. It does not scale that production down.

Mr. President, the resolution adopted by Congress before we adjourned last year said that any farm bill which we pass ought to graduate the payments to the big farmer. But you cannot do it under the committee bill, at least so we are told, because its purpose is acreage reduction. I really wonder if the main purpose is to help the farmer or if that has not become the secondary purpose. I wonder if the proponents of the bill have not swung around from the purpose of helping the farmer to the purpose of acreage reduction. Some cannot seem to see that acreage reduction should be only a means to the end, and not the end itself.

So this bill provides an exemption to the little farmer that will be helpful to him. Yesterday I heard the debate on the amendment of the Senator from Mississippi [Mr. BLBO] to help the little farmer. He is just as sincere as I am. He is going to give a 5-acre exemption for the little fellow. Well, anybody knows that on 5 acres of irrigated land you can

raise 16 bales of cotton, and we have cotton on upland in the arid parts of the country that is considered to have a pretty good crop when it produces 1 bale on 5 acres; and then you have Bryan's ratio of 16 to 1. I ask you is that a just yardstick? Is that a just exemption? Is it a correct exemption? On this subject my bill provides that all figures are in terms of units, pounds, and bushels—something exact, something just—whereas the other proposal is based on the variable yardstick of acres, which differs with every farm and with every locality, and is not a fair one; and it is difficult to express it in any other way in the committee bill in order to help the little farmer.

Then I come to the subject of independence. In my honest opinion, the bill before the Senate today will cause more strife, will foment more trouble in every community than the Ku Klux Klan ever dared to foment. One man's hand will be raised against his brother. I have a letter from Major County in Oklahoma in which the writer says that when the farmers met in a county-wide meeting the county agent would not let those vote who were not in favor of reduction; so over half of them walked out in indignation, the letter said. I want to tell you that we shall be splitting communities wide open with all the schisms and all the hatreds known if we try to enforce the drastic control measures provided in the committee bill. Did not a man in your hearings at Memphis—if not, it was soon afterward, as I read in the papers—say in the fervor of his speech: "We will make them cut their production. We will get out the old night riders again." That means farmers' crops will be destroyed. That means farmers' barns will be burned. That means bloodshed.

Are you going into a program that will encourage lifting one man's hand against his brother and creating strife within communities?

I say the program I am sponsoring will restore to the farmer his independence. He is the last individualist left. The merchant kowtows to different factions; the professional man tries to please every side; but the farmer stands on his two legs and looks the world in the face, and if you protect him he will tell them to go to a place that is hotter than this one. There is an independence, there is a spirit of independence that I believe is worth preserving in America.

Thomas Jefferson said—I wish he had said it louder, but he said:

It is not by the concentration of powers that good government is attained, but by their dissemination.

If we are told from Washington—

He said—

when to sow and when to reap, we shall soon want bread.

Did the founder of the Democratic faith look down through the years and see this very situation? He could not have drawn a better picture of it if he had done so. If we are told from Washington when to sow and when to reap, we shall soon want bread.

Senators, I ask you, in the name of a degraded people—degraded because of economic conditions—in the name of the cotton farmer who is on his knees, literally and economically, to give consideration to a bill of the kind I have introduced. It will not raid the Treasury. It will give the farmer a chance, the first decent chance he has had since the tariff was put on this country. I am asking you for a program that will work automatically to redistribute the wealth of America, that will rake money off the mountain tops of wealth in America and hurl it back into the valleys of despair in the cotton States. I am asking for a program that will not give us a nation with a few people who are very rich. I have a statement here from the Federal Trade Commission saying that five and a fraction percent of the people of the United States today own over 54 percent of the wealth of this country, and the income is just as poorly distributed as the wealth.

I am asking for a program that will level up the valleys of despair, and give us a greater prosperity, not with many people very poor and a few very rich, but with many people neither poor nor rich, a great plateau of prosperity where



the herdsman's call can be heard as well as the turmoil of the stock exchange; where we can hear the whistle of the plowboy as well as the hum of the factory wheel. Then Stalin and Hitler and all the rest who have sneered at democracy will know that this Government still stands and the Constitution is still supreme, the haven of refuge for the depressed.

I submit my amendment in the nature of a substitute for title III, and ask to have it printed and lie on the table.

The PRESIDENT pro tempore. That order will be made.

Mr. BANKHEAD. Mr. President, I desire to make a parliamentary inquiry with reference to the ruling announced in response to a parliamentary inquiry propounded by the Senator from Oklahoma.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BANKHEAD. There are a number of sections of the bill that are not immediately in the cotton title, but apply entirely to the cotton title. They are definitions upon which some of the provisions of the cotton title depend for proper understanding and for application. I wish to inquire whether all of those provisions relating directly to cotton would have to be disposed of before a substitute would be in order, or whether they would be in order simply as amendments to this title, which, if a substitute were adopted, would still leave in the bill a number of sections relating only to cotton?

Does the Chair understand the question?

Mr. McNARY. Mr. President, I inquire what this discussion is about.

The PRESIDENT pro tempore. The Senator from Alabama has been trying to propound a parliamentary inquiry. There are so many conferences going on in the Chamber that it is difficult for the Chair even to hear the Senator from Alabama.

The Chair understands the inquiry to be whether or not all amendments to the cotton schedule, or all proposed perfecting amendments, must be disposed of before a substitute will be in order. Is that correct?

Mr. BANKHEAD. That is what I wish to find out; yes. That is my inquiry—no; not all amendments.

The PRESIDENT pro tempore. We are dealing now with particular amendments to the cotton schedule.

Mr. BANKHEAD. Yes.

The PRESIDENT pro tempore. The cotton schedule may be perfected by amendments before a substitute is offered. After that particular title is perfected, an amendment in the nature of a substitute for that title will be in order, and, except by unanimous consent, amendments to other portions of the bill will not be in order.

Mr. BANKHEAD. I simply wanted to get a ruling of the Chair so that we will know the situation. I do not care in which way it is done.

Mr. BARKLEY. Mr. President, may I make a further parliamentary inquiry?

The PRESIDENT pro tempore. The Senator from Kentucky will state his parliamentary inquiry.

Mr. BARKLEY. I understood that when we met today, the question came up whether the Senate would first consider amendments to the cotton title which went over from yesterday. By unanimous consent those amendments again went over, and the clerk began to read the title with respect to tobacco; and the Senator from Louisiana [Mr. ELLENDER] offered an amendment to the title of the tobacco section. Therefore, it seems to me we are not now considering the cotton schedule.

The PRESIDENT pro tempore. The Senator from Kentucky is correct. The Chair was only answering a parliamentary inquiry with regard to the cotton schedule. The amendment of the Senator from Louisiana, to amend the title, is in order.

Mr. McKELLAR. Mr. President, there is no question about paragraphs (b) and (c) on pages 34 and 35 having been passed over again, as I understood, at the request of the Senator from Arizona [Mr. HAYDEN].

The PRESIDENT pro tempore. They have still been passed over. They have not been taken up.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the amendment of the committee.

Mr. McNARY. I ask to have the amendment stated from the desk.

The PRESIDENT pro tempore. The clerk will state the amendment offered by the Senator from Louisiana.

The LEGISLATIVE CLERK. On page 40, line 12, Mr. ELLENDER proposes to strike out the word "Tobacco", being the title, and in lieu thereof to insert:

Title IV—Marketing Quotas for Tobacco.

Mr. ELLENDER. I may state that the purpose of this amendment is simply to give a title number to the tobacco section, and to add to that title number the words "Marketing Quotas for Tobacco."

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Louisiana to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment reported by the committee.

The LEGISLATIVE CLERK. The next amendment is on the same page, line 13, to insert:

National marketing quota.

The amendment was agreed to.

The LEGISLATIVE CLERK. On the same page, beginning with line 14, it is proposed to insert:

SEC. 40. (a) The marketing of tobacco constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Tobacco produced for market is sold on a Nation-wide market and, with its products, moves almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes and are widely scattered throughout the Nation; in many cases such farmers carry on their farming operations on borrowed money or leased lands and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government protection and sanction. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the price for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of tobacco exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

Mr. McNARY. Mr. President, in the interest of expedition I think it would be well for the Senator in charge of the section referring to tobacco to make a statement regarding these provisions, what they are intended to accomplish, and how they will operate. I understood yesterday that no bill proposing agricultural legislation was taken to the South. This part of the bill is a development of a few days' study on the part of the subcommittee, and I should like to hear it discussed by someone capable of explaining it. I have in mind the able Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER obtained the floor.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield to the Senator from Maryland.

Mr. TYDINGS. In order that the Senator from Louisiana may also cover the subject raised by the Senator from Oregon, I desire to ask him if he knows whether or not the tobacco farmers of my State were contacted with reference to this matter, and whether all tobacco grown is in the



bill, or what parts of the country or what kinds of tobacco are not in the bill?

Mr. ELLENDER. Mr. President, directly answering the question of the Senator from Maryland, I may state that the committee held hearings at Winston-Salem; and I believe that was the nearest place to Maryland where we held hearings. As I recall, there were a number of witnesses present from Maryland. If the Senator will refer to page 70 of the bill he will note, under the definition of tobacco, the various kinds of tobacco that are affected by the bill; and each kind of tobacco as described on page 70 is treated separately for the purpose of establishing quotas.

Mr. TYDINGS. I may say to the Senator from Louisiana that I read that section this morning; and I note that Maryland tobacco is defined in the bill, along with other tobaccos. It so happens that Maryland tobacco is mentioned by name, while the other tobaccos are mentioned not by the name of the State but by the classification to which the tobacco is assigned. Therefore I was led to ask the Senator whether all of the tobacco grown in Maryland is included, or whether only a part of the tobacco grown in Maryland is included.

Mr. ELLENDER. Some tobacco is left out, whether produced in Maryland or not I cannot answer at this time.

Mr. TYDINGS. What tobacco?

Mr. ELLENDER. For instance, we grow a peculiar kind of tobacco in Louisiana known as perique. That is left out of the bill because suitable land is not available in Louisiana to grow enough of that tobacco to supply the demand for it.

Mr. TYDINGS. What other tobaccos are left out?

Mr. ELLENDER. I cannot give the Senator the description of every kind of tobacco; but the Department placed in the bill such tobaccos as are at times produced in excess of home consumption and export needs.

I may further state to the Senator from Maryland that tobacco, as I said, is defined under types; and it may be that when a marketing quota is fixed, the quota may be fixed covering only one type, and no quota fixed for the other types.

Mr. TYDINGS. The Senator will see the purpose of my question. First of all, the only Maryland tobacco is what is called type 32 Maryland tobacco. My question was, Did the representatives of the Maryland tobacco growers ask that type 32 be included, all the tobacco included, or other types eliminated? Certainly we ought to have testimony on that subject, because I have no way of knowing why this particular type was included and the other types left out.

I am simply seeking information.

Mr. ELLENDER. My information from the Department is that this bill was prepared in collaboration with representatives from various tobacco States, and an understanding was reached as to which types of tobacco would be eliminated and which would be included; and my information is that all tobaccos that were produced in excess of home consumption and export needs were included in the bill. There are some types of which there is very little produced, and consequently they were left out of the bill. I further understand that few types were excluded from the bill.

Mr. TYDINGS. Mr. President, if the Senator will yield further I shall conclude by saying that I understand that his impression of the bill is that as presented it represents the thought of the tobacco growers of Maryland, and insofar as he knows there have been no tobacco growers from Maryland who have objected either to the inclusion of this particular kind of tobacco or the exclusion of other kinds of tobacco.

Mr. ELLENDER. That is my information.

Mr. TYDINGS. I would be grateful if the Senator would confer with those in contact with the Agricultural Department who are here on the floor, and check that statement to make sure it is accurate.

Mr. ELLENDER. That is my information and I will be glad to confirm it.

Mr. POPE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. POPE. At the hearings before the subcommittee in New York a number of witnesses appeared from the Con-

necticut Valley. They testified that they were operating very satisfactorily under a marketing agreement for tobacco grown in that valley. They simply expressed their appreciation for their condition under the marketing agreement. They were entirely satisfied with it and my understanding was they did not desire to be included in the bill.

Is it the understanding of the Senator from Louisiana that that No. 61, a cigar-wrapper type of tobacco, is grown in the Connecticut Valley?

Mr. TYDINGS. That is correct.

Mr. ELLENDER. That is correct.

Mr. POPE. Then No. 61 is not included in the bill?

Mr. ELLENDER. That is correct.

Mr. POPE. I understand also there is a No. 62 and a No. 70 not included in the bill.

Mr. ELLENDER. That is correct.

Mr. POPE. Those are the tobaccos to which the Senator has referred in his statement?

Mr. ELLENDER. That is correct.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. ELLENDER. I yield.

Mr. TYDINGS. I should like to point out that Maryland tobacco, unlike most other tobaccos, is an export tobacco. Many who have been in France have often seen cigarettes with the word "Maryland" printed on the side. For a long time the French Government used to buy our entire crop, which is of such a nature that it keeps a cigarette lighted after once lit, which is not true of other cigarette tobaccos. Without the Maryland tobacco in their cigarettes, the cigarettes will not hold their fire, and will go out. It is a peculiar kind of tobacco for cigarette domestic purposes and also for export purposes.

Not being as familiar with all the applications as perhaps are the experts, my question was why one kind was inserted and the other kind eliminated, why Maryland tobacco was indicated by name while other tobaccos were not identified in that way. I am afraid, because we have only six counties in my State raising tobacco, that someone has not given it the consideration in the general plan which it warrants. I know the Senator is in touch with the authors of the bill and I ask him if he will not try to ascertain that information so I may know exactly what the circumstances are.

Mr. ELLENDER. I shall gladly do that and have it placed in the Record, not later than Friday.

Mr. President, on the 30th of November I took the floor and explained to the best of my ability the provisions of the tobacco title. I am wondering if the Senator from Oregon [Mr. McNARY] desires that I go through an explanation of the entire tobacco section again, or did he have reference to the amendments which I intend to propose?

Mr. McNARY. All the references to the tobacco section have been in the nature of amendments. I thought the Senator could give an airplane view of the purposes intended to be covered by the tobacco title.

Mr. ELLENDER. Under the terms of the bill the Secretary of Agriculture fixes the national quota on or before November 15 of each year. That quota as fixed is submitted to the tobacco growers by referendum. If more than one-third of the tobacco producers participating in the referendum vote against the plan, the quota does not go into effect. But if more than two-thirds vote for the quota, then of course it goes into effect. When the quota becomes effective, it is apportioned to the States on the basis of the following: The average production in the 5 years immediately preceding the year when the quota becomes effective, plus the normal production on acreage diverted under A. A. A. programs, with adjustments to correct for small farms, for abnormal conditions affecting production such as weather or plant diseases, and for trends in production during the 5-year period.

After the quota is fixed for the various States, it is then distributed through local committees in the counties. Each farm is allotted so many pounds, as is provided in the



formula contained on page 44. I shall have some amendments to that particular section relating to the allotments to farms, and in connection with the amendments perhaps I shall go more into detail as to the amount that will be allotted to each farm.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Tennessee?

Mr. ELLENDER. I yield.

Mr. McKELLAR. In States like Tennessee, where only certain counties produce tobacco, how is it to be allotted?

Mr. ELLENDER. Only to farms that produce tobacco.

Mr. McKELLAR. To those that produce it now?

Mr. ELLENDER. Yes.

Mr. McKELLAR. Is there any provision made for new growers?

Mr. ELLENDER. Yes; 3 percent of the national quota is set aside for new growers. I shall explain that later. There is an amendment to that particular section raising the percentage of the national quota from 3 to 5 percent for new growers, and another amendment by the Senator from Florida [Mr. PEPPER] changing a new grower from one who has not grown tobacco within the past 10 years to one who has not grown it in the past 5 years. In other words, one who has not grown tobacco in the past 5 years will be recognized as a new grower.

Mr. McNARY. Mr. President—

Mr. ELLENDER. I yield to the Senator from Oregon.

Mr. McNARY. How many States are affected by the tobacco title?

Mr. ELLENDER. About 20.

Mr. McNARY. Can the Senator name them?

Mr. ELLENDER. With reference to flue-cured tobacco, there are the States of Virginia, North Carolina, South Carolina, Georgia, and Florida. There may be a small amount grown in other States, but those named are the principal flue-cured tobacco-producing States.

Fire-cured tobacco is grown in Virginia, Kentucky, and Tennessee, and possibly in small amounts in other States; but those mentioned are the main fire-cured tobacco-producing States.

The dark air-cured tobacco is produced in Tennessee, Kentucky, Indiana, and Virginia.

Burley tobacco is produced in Kentucky, Tennessee, North Carolina, Virginia, West Virginia, Ohio, Indiana, Missouri, Kansas, and Alabama.

Maryland tobacco is produced in Maryland, as the Senator from Maryland [Mr. TYDINGS] has just stated. That tobacco is referred to and designated as No. 32.

The cigar filler and binder types are grown in Massachusetts, Connecticut, Vermont, New York, Pennsylvania, Ohio, Wisconsin, Minnesota, Florida, and Puerto Rico.

On page 70 of the bill the word "tobacco" is defined to mean each of these various kinds of tobacco. The marketing quota can be put on any one or two or three kinds and the others remain out, depending on the amount of tobacco of each kind on hand.

After the allotments are made to the farms, as I have just indicated, and as I shall explain in further detail later, the farmer plants an acreage sufficient to produce the poundage allotted to his farm. Should he produce in excess of the poundage allotted he may do one of two things: He may sell that tobacco and pay a penalty of 50 percent of the market price, or 3 cents a pound in case of flue-cured, Maryland, or burley, and 2 cents a pound in the case of all other kinds or tobacco, whichever is the higher; or he may keep such tobacco on hand and sell it the next year. In taking such a step as the latter, he might have to curtail his production of tobacco for the following year.

Mr. McNARY. Under this provision of the bill is the tobacco producer required to sign an adjustment contract in order to obtain benefits?

Mr. ELLENDER. No; he is not. The reason for that is the same as in the case of the cotton farmer, for whenever a referendum is voted on favorably by the cotton growers, then it becomes compulsory for all cotton growers. In like

manner, when a marketing quota is fixed by the Secretary and submitted to the tobacco growers and two-thirds of the farmers participating in the referendum vote for the marketing quota, then it becomes obligatory on all tobacco growers. In other words, it is a control program on a poundage basis, and one which I conceive to be on the same basis as that applying to cotton. Therefore, it was not believed necessary to have the tobacco growers sign a contract, because all tobacco growers would have to conform anyway.

Mr. McNARY. Mr. President, will the Senator yield again?

Mr. ELLENDER. I yield.

Mr. McNARY. Is the tobacco grower permitted to take advantage of the parity payments and the soil-conservation benefits and reserve loans without signing a contract?

Mr. ELLENDER. Yes.

Mr. McNARY. He would get all of those privileges without signing a contract?

Mr. ELLENDER. He would not get parity payments. All he would get under the bill would be soil-conservation payments. Reserve loans are authorized but are not mandatory. I am trying to explain to the Senator from Oregon why it is not necessary for the tobacco grower to enter into a contract. In the case of wheat and corn the program is entirely voluntary. Any marketing quotas on corn and wheat become effective after the commodities are produced and after a referendum is favorably voted upon. In the case of cotton and in the case of tobacco the marketing quotas are voted on before production and are made obligatory on all producers of those commodities if more than two-thirds of those engaged in the production of those commodities vote for the quota.

Mr. McNARY. I think we might well make this modification. As to wheat and corn, the adjustment contracts are required before the crop is harvested, and it takes 51 percent of the producers of wheat and corn to fasten those adjustment contracts on the producer. That is before even the planting season and far in advance of the day of harvest.

Mr. ELLENDER. But the bill does not contemplate, insofar as wheat and corn are concerned, preventing production, even after the marketing quota is established. The corn or wheat farmer, although he votes for a marketing quota affecting the wheat and corn on hand, is not prevented from producing the year following. The marketing quotas are voted on for tobacco before production and are obligatory on all producers.

Mr. McNARY. I do not want to take the Senator's time. He makes a distinction wholly without a difference. It is just as binding or more binding on the corn and wheat man because he signs a written contract, and if he does not sign that contract he is not entitled to the so-called benefits.

In my judgment there is no point in the distinction attempted to be drawn by the Senator. If contract is not required, the farmer does not get parity payments; you are not seeking parity payments.

Mr. ELLENDER. No; the tobacco section and the rice section deal with soil-conservation benefits.

Mr. McNARY. You deal with reserve loans and soil-conservation benefits?

Mr. ELLENDER. That is correct.

Mr. President, this about explains the main provisions in the tobacco section and I shall gladly explain in connection with the amendments, further details as to the allocations among the farmers.

Mr. VANDENBERG. Mr. President, in connection with each explanation of each section of the bill apparently the situation finally reverts to the referendum. I wish to make an appeal to the authors of the bill, while there is yet time to deal with the situation, that in the name of simple democracy, and ordinary, elemental, electoral honesty, there ought to be some provision in the bill defining the method of holding the referendum.

As nearly as I can discover, there is not a line in the bill which fixes the character of the referendum. It is to be entirely and exclusively in the control of the Secretary of



Agriculture. The referendum may be held in mass meetings. The mass meetings may be conveniently located or they may not. The referendum may be taken through a canvass by county agents. That may be fair or it may not be. I am about to read to the Senate a letter which I received this morning from an Iowa farmer indicating precisely how that phase of the situation may operate.

In any event the entire case against compulsion is rested upon a free referendum, but having thus fixed a referendum as the base of the freedom, the bill is completely silent in respect to defining the referendum that is to do what it is pretended will be done.

In the case of the referendum held in respect of cotton it appears to have been a rather representative referendum. I think the Senator from Alabama told me that something over 90 percent of the effective growers voted for the compulsion. But we know that in the case of the potato referendum less than 4 percent of the potato raisers of the country voted 100 percent of the potato raisers of the country into a compulsory system.

What I am trying to say is that it simply is not fair to leave the process of referendum wholly open to any vicissitude which may flow from secretarial regulation.

Let us see what happened in Iowa. I am about to read from a letter which comes unsolicited to me this morning from Webster City, Iowa. Let us see what happened in the last referendum in that section of Iowa. I may say parenthetically that, inasmuch as the bill is completely silent on the question of referenda, we are entitled to assume that the experience which we previously have undergone in this connection is the criterion. I read:

Under the election held over the State that year we were not favorable to a continuation of the program and voted against it. The voting places were usually at a school in the center of each congressional township. The official for the township called at my office with a ballot asking me to vote for it, and he would take my ballot to the election to save my making a trip. I told him I was not favorable to the program, and my reasons. His question then was, "Do you want to vote me out of a job?" This was the appeal to the farmers, and these township members were active in their solicitation of votes not so much for the proposition as for themselves to be continued in office. I do not know how many people actually attended or, rather, went to the polling place to vote, but I was informed that more than half of the votes cast were brought there by the township representative.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. VANDENBERG. In just a moment. While it is rather inconceivable that the voting farmer would be moved by an appeal to save these Agricultural Department agents their jobs, I submit that it is utterly incongruous in a democracy that a man who has a job at stake in respect to a referendum should collect half the votes and cast them. I yield to the Senator from Kentucky.

Mr. BARKLEY. Did I understand the writer to say that this ballot dispenser came to his office and gave him the ballot?

Mr. VANDENBERG. Yes.

Mr. BARKLEY. Was his office on a farm or in town? Is he a lawyer or a doctor, just owning a farm out in the country? What does he say about that?

Mr. VANDENBERG. What difference does it make?

Mr. BARKLEY. If he does not live on a farm, but has a farm probably miles from town, and the man came around to his office to get his vote, I am wondering whether he really represented the other farmers who actually had a desire to vote. I am merely seeking information. The letter did state that the ballot was presented to him at his office, and the average farmer does not have an office.

Mr. VANDENBERG. He is the owner of a farm. I have no idea where his office is. He has voted in each referendum, and he is stating that half the votes cast were collected by a party in interest. What difference does it make where the letter comes from, inasmuch as he is a bona fide farmer, if the statement is true?

Mr. BARKLEY. I wonder whether this man knows that is true or not, unless he followed the man around to the different places where he took the other ballots and solicited that they be voted?

Mr. VANDENBERG. I do not know whether it is true or not, but he is innocent until he is proven guilty, under the general American system.

Mr. BARKLEY. I concede that, too; but in the tobacco section of my State, and in Tennessee, since they are closely allied in the production of tobacco, the same sort of a referendum was held, under the same law and the same regulations, and never at any time, prior to or during or after the holding of that referendum, did I receive any complaint at all from any tobacco grower as to the method of carrying on the referendum.

Mr. VANDENBERG. Let me ask the Senator a question, if I may. If this statement of facts is true, would the Senator not agree that that is not an appropriate method for obtaining the result of a referendum upon so fundamentally important an economic question as this?

Mr. BARKLEY. I would say that as a rule the referendum ought not to be sponsored by men whose jobs depend upon the result of the referendum; and that might bear investigation, too. It is hard to conceive how anyone's job under the Department of Agriculture, that of a county agent or of anybody else, would depend upon the conduct of a referendum. I agree with the Senator that the method described is not the best method of carrying on a referendum. Yet I do not know how we can write into the pending bill a provision setting up machinery similar to the provisions which are carried in all State laws for the holding of political elections in State, county, city, or township. Unless there is some concrete suggestion which could be offered as a guide to the Secretary of Agriculture, it seems to me it would be better to leave it to his discretion and his regulation, because I assume that all farmers interested in any crop that comes under this bill will be given an opportunity to vote. If they do not take advantage of that, it is no one's fault but their own, and I understand that they are pretty well circularized and propagandized and publicized with respect to the holding of the referendum at a given time and in a certain manner, so that they cannot plead ignorance of the referendum itself.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. NORRIS. The Senator has not yet given the Senate the name of the writer. Does he intend to do so?

Mr. VANDENBERG. No; I do not. It is a personal letter. I will be perfectly glad to show it to the Senator. I do not want to subject the gentleman to any reprisals.

Mr. NORRIS. I wish to say that the method set out in the letter for carrying on a referendum is simply indefensible, reprehensible; but I do not believe we ought to give publicity to a letter of that kind without giving the name of the man who writes it, affording an opportunity to investigate in order to see whether it is true or not. It is stated in part of the letter at least, "I am told that so-and-so happened." I know, and I think every other Senator knows, that complaints of the most bitter nature, which are made in all lines of human endeavor, when investigated often disappear in thin air. What is stated in the letter may all be true. If it is true, it ought to be condemned and ought to be rectified. But I would not want to condemn the entire system on the basis of a letter of an anonymous person, who states in the letter that he understands that so-and-so happened. It seems to me that is not fair to the Department of Agriculture, which will administer the law, and would not be fair to any department administering any other law.

Mr. POPE rose.

Mr. VANDENBERG. Just a moment, and then I will yield.

I wish to reply to the very vehement attack of the Senator from Nebraska on this method of raising a fundamental question regarding a decent election. I have not presented this letter as an indictment of the Department of Agriculture. I am fully aware of the fact, as the Senator has related, that many letters come to us which upon investigation prove to lack the substance they pretend to possess. But we all know there has been repeated complaint about the nature of these referendums. I have read from this letter solely to indicate the extent to which it may be believed that



this method of referendum is unfair. I am not indicting the Department. What is here said may not be true, but I am saying to the Senator from Nebraska and to my other colleagues that when we put such stake upon a referendum as we do in the pending bill, it is not fair not to define the referendum and see to it that such things as this could not happen, if they ever did happen.

I now yield to the Senator from Idaho.

Mr. POPE. Mr. President, let me suggest to the Senator that two or three different times during the course of the hearings held by the subcommittee we received complaints quite similar to the one to which he has referred. In one instance I recall a charge was made by a witness that the franked envelopes of the Department of Agriculture were used by a farm organization in sending out notices for dues. That was a serious charge. It was investigated, and it was determined, or at least the evidence of everyone who knew anything about the matter was to the effect, that directly the contrary was true. The committee came to the conclusion, I am very sure, that there was not a word of truth in it. Similar charges were made which we insisted upon investigating, as the charges had been made, and we found in every case that there was no foundation for the charge.

Mr. VANDENBERG. To what was the franked letter to which the Senator referred supposed to relate?

Mr. POPE. It was charged by one witness that the Farm Bureau Federation used franked envelopes of the Department of Agriculture to send out notices of dues of that organization, and the charge was made by one who was supposed to be quite a respectable witness. Upon investigation it was testified by all who knew anything about the sending out of the letters that it was positively untrue.

In another case a witness claimed that he offered to vote at a referendum and was denied the right to vote.

Upon investigation it appeared that he had offered to vote in the election of a county committee, when only cooperators could vote. That is the truth of the matter.

I will say to the Senator that in every case in which witnesses were willing to come and be known and testify with regard to alleged irregularities, we took the trouble to investigate them, and found that none of the charges were true. In my opinion, that adds great strength to what the Senator from Nebraska [Mr. NORRIS] has said, that it does seem unwise to take a letter, without giving any opportunity for investigation, and use it for the purpose—at least, so it seems to me—of casting some reflection upon the Department of Agriculture.

Mr. VANDENBERG. Mr. President, it does not make the slightest difference whether the letter is true or not. Certainly there is some presumption of truth when it comes from what appears to be a responsible person who makes a statement upon his own responsibility.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. VANDENBERG. Mr. President, how much time have I left?

The PRESIDING OFFICER (Mr. HERRING in the chair). The Senator's time has expired.

Mr. VANDENBERG. Mr. President, I shall proceed on the bill, because I want to finish what I have on my mind.

Mr. BARKLEY. Mr. President, will the Senator yield before he starts out on what he has on his mind?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. VANDENBERG. It is a rather dangerous lapse, but I will do it.

Mr. BARKLEY. The Senator said he did not care to give the name of the writer of the letter. I forget whether or not he said he voted. Did he deliver his ballot to the job keeper referred to? Did he vote in that case?

Mr. VANDENBERG. Yes.

Mr. BARKLEY. Would the Senator be willing to put in the RECORD the heading or the letterhead of the letter, if he does not want to give the name of the writer?

Mr. VANDENBERG. No; I do not think I shall identify the person, because I have had some experience with respect

to correspondents of this character who have had some rather unhappy reprisals result.

Mr. LOGAN. Mr. President—

Mr. VANDENBERG. Just a moment. There is a fundamental question involved here which cannot be laughed away as an attack by one Iowa farmer who writes me a letter purporting to describe a reprehensible situation. This bill depends upon a referendum for its equity and its democracy. Depending upon a referendum, I assert that the authorship of the bill should bring us some reasonable protection for that referendum so that anything of this nature may, if possible, be prevented.

I now yield to the Senator from Kentucky.

Mr. LOGAN. Mr. President, it does not make any difference whether the letter is true or not; but if such things could ever happen in the past, or if they may happen in the future, they ought to be prevented in the future.

I simply rose to say to the Senator that I agree with him 100 percent that something should be written in the bill defining what is meant by "referendum." Since the sponsors of the bill have not offered anything—I am not one of the sponsors—if the Senator from Michigan will propose some effective language upon that point as an amendment to the bill, I shall support his proposal just as far as I can. No one man should have the power to determine how the referendum shall be held, or what the result shall be, and someone in the Senate should be able to work that out.

I have the greatest confidence in the Secretary of Agriculture. I think he is a great man. I should not want to be elected United States Senator and have the State of Kentucky say that I should appoint the officers who would conduct the election, the officers who would count the votes, and determine whether or not I should be declared elected. I think that would hardly be fair.

Mr. VANDENBERG. I thank the Senator from Kentucky for his usual candor. The statement he has made is a complete expression, much better than I could make it, of the thing that is in my mind.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. VANDENBERG. In just a moment. The idea that this bill should pretend to avoid obnoxious compulsion because it permits a referendum to decide by democratic process what the farmer wants—the idea that such a bill, with such a referendum in it, of such magnified importance, should fail absolutely to protect by law the integrity of the referendum is just more than I can understand.

The Senator from Kentucky [Mr. LOGAN] says he does not know how to remedy the matter. I am frank to confess that I do not know what ought to be written in. As I said in the beginning, I rose solely for the purpose of presenting this situation to the authors of the bill themselves, while there is still time, in the hope that they may figure out some method wholly consistent with the bill itself which will prevent the exploitation of a referendum, if such a thing is remotely possible.

I now yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, am I to understand that the Senator from Michigan is supporting the bill?

Mr. VANDENBERG. No; but the Senator from Michigan does not have to support the bill in order still to have an interest in free, honest elections in the United States.

Mr. CONNALLY. That is all that the Senator ought to have any fear of.

Mr. VANDENBERG. I strongly suspect we shall come as close to it in Michigan as they do in Texas. I am unwilling to grant, and, as said by the Senator from Kentucky himself—who, I think, is supporting the bill—I am objecting to granting the Secretary of Agriculture blanket authority to hold elections pursuant to any method or process he may choose; and I am insisting that that is a travesty upon representative government, and upon self-expressive democracy.

Mr. NORRIS obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield so that I may make a parliamentary inquiry?

Mr. NORRIS. I yield.



Mr. BARKLEY. I am simply trying to get the status of this matter. Unless we are reading the text of the bill paragraph by paragraph, as it was agreed yesterday to do, all this debate is on the bill and not on any specific amendment, and those who speak ought to understand that.

Mr. NORRIS. I understood that there was a pending amendment.

The PRESIDING OFFICER. There is a pending amendment.

Mr. NORRIS. Yes. That is what I am talking on.

I do not disagree—and in my interruption of the Senator from Michigan I plainly indicated that I did not disagree—with the idea of having a fair, honest election. That is not the point. The Senator from Michigan has put on the stand a witness whose identity he has concealed, except to say that he is a farmer; but he does not even read the letterhead on which the letter is written. He does not give the writer's name. The only identification of the witness is that the letter he wrote came from Webster City, Iowa.

That man undertakes to cast a reflection upon the administration of the law by the Secretary of Agriculture and makes a charge which, if true, is serious; and the conditions ought to be investigated and ought not to be permitted to continue. If the methods he describes are employed they are indefensible.

With respect to a great portion of the charge, the writer says "I am told." Somebody has told him that something has occurred, and he writes it to the Senator from Michigan; and the Senator from Michigan, without disclosing the identity of the writer, without giving the Department of Agriculture any opportunity to investigate or reply, places the statement before the world through the instrumentality of the Senate.

I do not think that is fair. I think that is reprehensible. I do not think that is the right way to get at the facts. It seems to me that the Senator from Michigan owes it to the Department of Agriculture to submit this letter to it and let the Department investigate. If the Department finds that the facts therein stated are true, that the conditions recited are true, as stated in the letter, let the Department punish the guilty persons and remove from office those who are responsible for that illegal method of carrying on an election.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. VANDENBERG. I submit to the Senator that the method is not illegal under any of the referendum laws in connection with the Department of Agriculture. That is precisely the point I am making, and the only one.

Mr. NORRIS. No; the Senator produced a letter from a writer who makes charges which, if true, place the Department of Agriculture and its methods of carrying out the law in disrepute and in disgrace, I should say. Such a thing should never be permitted. The identity of the witness ought to be disclosed, and we ought to investigate to see whether or not his charges are true. If the man is making the charges in good faith, he will not conceal his identity.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. CONNALLY. Is it not to be assumed that the Secretary of Agriculture in adopting his plan of referendum would prepare regulations, and announce them in advance, so that everyone would have an opportunity to know what they were?

Mr. NORRIS. I have not heard anything about that. I do not know.

Mr. CONNALLY. How could a referendum be conducted otherwise?

Mr. NORRIS. I do not know. I have not heard about that. The bill leaves it to the Secretary to issue regulations.

The Senator from Michigan himself confesses that he is unable to write an amendment which will provide for taking this referendum. I, myself, should support an amendment which was reasonable and which I believed to be fair. I think we ought to make such a provision. However, it is a difficult thing to do. I believe we are placing in the hands of the Secretary of Agriculture a power which is too great.

If we can, we should provide for the method of taking this referendum.

That, however, is all beside the point I am making. Here is a charge made by an unidentified witness, the only hint as to whose identity is that the letter he writes was written in Webster City, Iowa, in which he makes serious charges. If the charges he makes in the letter are true, then the methods carried on by the Secretary of Agriculture are unwise. Perhaps the referendums are being carried out without the knowledge of the Secretary of Agriculture. I take it that the Secretary would be glad to receive any information of that kind.

The letter refers to a man who asked, "Do you want to take away my job?" The Secretary of Agriculture would take away his job before the sun set on the day he found out about such a thing as the letter describes. That man was alleged to have called upon the writer and said, "I want you to vote so-and-so, and I will carry your ballot to the voting place, and you need not go." When the writer of the letter refused to give it to the other man, the latter said, "Do you want to take away my job?" That man ought to lose his job. He ought to lose it at once. He ought not to have any job, and the Secretary of Agriculture ought to be the first man in the world to displace him.

Mr. President, everyone knows that that is not the way to carry out a referendum. Nobody defends that course. So far as I know, the Secretary of Agriculture may not have any knowledge of what is alleged to be going on. It seems to me that if I received that kind of a letter, before I gave publicity to it I should give the Department of Agriculture an opportunity to defend itself, to say whether or not what was charged was true, and whether it agreed to that method of voting a farmer at a referendum.

#### TAXES ON UNDISTRIBUTED PROFITS AND CAPITAL GAINS

Mr. KING. Mr. President, I have heretofore expressed at some length my opposition to the pending bill, believing as I do, that it will prove injurious not only to agriculture but to our country as a whole; and also that it contains oppressive and dictatorial features and unconstitutional provisions. It delegates to the Secretary of Agriculture autocratic authority and unlimited discretion upon a multitude of matters vital to the farmers and to the country without fixing any proper standards and also contains many provisions infringing upon the rights of individuals and in violation of the Constitution of the United States.

I have taken the floor, however, not to discuss the so-called farm bill but to consider modifications of the undistributed-profits tax and the tax upon capital gains.

I now offer amendments to the Revenue Act of 1936 dealing with the undistributed-profits tax and the capital-gains tax and ask that the amendments be printed and referred to the Committee on Finance.

The PRESIDING OFFICER (Mr. HERRING in the chair). Without objection, the amendments will be received, printed, and referred to the Committee on Finance.

Mr. KING. Mr. President, the present economic and industrial situation should challenge the attention of Congress and compel legislation to relieve the tension and arrest a recession movement pregnant with serious peril. The special session, in my opinion, should have promptly addressed itself to a modification of our revenue laws and the adoption of policies that would have inspired confidence in labor and business circles and arrested the recession movement, which has assumed alarming proportions. Instead, Congress has wasted its time in futile discussions and added to the fears and uncertainties in business, industry, and in the fields of labor.

We cannot sit idly by in the face of these disturbing conditions which menace business and all forms of industry. The present unsatisfactory industrial condition need not continue, and the recession can be arrested and placed in reverse. In my opinion, the underlying economic conditions in our country are sound, but there are many contributing psychological conditions which can easily lead into a serious depression, from which recovery may prove difficult. A recurrence of



the conditions of 1932 and 1933 would produce a serious economic and political condition.

An article appearing in the Washington Post on the 6th instant under the heading "The Recession," discussed the Nation's fears; and after indicating a number of causes contributing to the uncertainty and fear, the writer states that—

These items, singly or collectively, could not account for the abrupt decline during the past few months which assumed the threat of a major depression. \* \* \*

He states that—

There is widespread fear of the policies of our Government, and that when fear seizes the minds of numbers of people we hear much unreasonable discussion of conclusions. \* \* \*

He further adds:

The main fear apparently was the fear of the results of the Government's financial policies and its attitude toward business. \* \* \*

The writer further states that—

The only way to remove mass fear is to be sure that certain justifiable fears have been removed. The Government seems to be in process of doing this at the present time. But words alone will not do—action, and consistent action, must follow. At the present crisis our greatest difficulty is to secure prompt action. It is almost impossible to move rapidly in governmental fields, and yet at the present time speed is of the essence of recovery. \* \* \*

Without assenting to all the views contained in the article referred to, I am inclined to believe that one of the most important contributing factors to our present disturbed condition is fear—fear of the Government and its apparent policies—and perhaps one of the most serious factors contributing to the situation is that resulting from our present tax policies. I sometimes think that Congress is largely to blame for the troubles and difficulties that beset the Nation. It is charged that Congress often abdicates its functions and placidly and silently waits for admonitions or flagellations from the executive department of the Government.

Indeed, we often hear the criticism that Congress lacks initiative, and acts only when prodded by forces outside the legislative branch of the Government. Whether or not the criticism as to the apathetic attitude of Congress toward national policies is justified I shall not now pause to consider. I believe that Congress is in a position to contribute materially to the restoration of confidence—confidence in our Government, and in those principles upon which it was founded, and upon which our Nation has attained heights of progress and prosperity unprecedented in the annals of history—and that immediate action is needed by Congress to arrest the movement toward depression.

Appropriate tax relief should be enacted before this special session ends. There is no need for delay. As I view the situation, there is practical unanimity that there should be tax relief. If Congress willed, a tax measure could promptly be passed through both branches of Congress. Upon every hand we hear protests against the undistributed-profits tax and the capital-gains tax. These protests do not come from a limited number of individuals or business enterprises, or from organizations reputed to be possessors of wealth and influence; but, as indicated, they come from persons of limited means and from small corporations.

I think all persons are vitally concerned as a result of the devastating effect of the undistributed-profits tax upon the business of our country. It has been in effect only 1 year, but the complaints against it have been more numerous than those directed against most revenue measures.

I stated in the Senate on June 2, 1936, when the undistributed-profits tax bill was under consideration, that during my 19 years of service in the Senate I had never witnessed such a united front against any revenue measure. The testimony of witnesses—and there were nearly 100 appearing before the Committee on Finance, and about 60 before the Committee on Ways and Means—was practically unanimous in opposition to the provisions of the bill.

Permit me to refer to a number of the oppressive and inequitable provisions of the tax:

Let us consider a new corporation organized by a small group of individuals who employ their time and entire efforts

for the purpose of developing a business, either in manufacturing, mining, or some other field of industry. As we know, small corporations are vital enterprises in our industrial life. They have frequently been called the "backbone of our country's business." We are indebted to them in a large degree for the development of our natural resources.

Those from the West, the mining districts particularly, will appreciate the significance of that statement. Many corporations within this category can be organized and financed only by obtaining credit from banks or from other financial institutions. The undistributed-profits tax declares that unless these corporations distribute a certain percentage of their earnings in the form of dividends, the Government will take such earnings from them. The effect, of course, is that new enterprises are prevented from growing and expanding. The tax destroys the development of small corporate business enterprises. These corporations are not able to borrow money, owing to the fact that they are required to distribute what little earnings they may have to their shareholders, and the banks and other financial institutions do not regard them as good risks. Their large competitors, with their accumulated surplus and unimpaired credit, are placed in a highly advantageous position.

Not only does this tax create a strangle hold upon new corporations, but it heavily penalizes those which are in debt, and which therefore cannot obtain the advantage of this dividend-paid credit to reduce their undistributed-profits tax. Corporations with impaired capital, and which, in many instances, are unable to distribute dividends because of the provisions of State laws, must feel the burden of the undistributed-profits tax law; and the relief provisions of the law afford but little redress in major cases. Indeed, there are no relief provisions for deficit corporations, no relief provisions to aid new corporations in accumulating a little surplus in order that they may survive the later years, and no relief provisions to afford redress to a great number of debt-ridden companies.

In examining the entire picture of the undistributed-profits tax, it is apparent that it burdens the small and unfortunate corporations, and, in some instances, benefits the wealthy corporations which have large accumulated surpluses. Our whole principle for justifying an income tax is that it is based upon ability to pay; but the undistributed-profits tax has just the reverse result. It taxes those corporations which are least able to pay, those that are debt-ridden and have deficits, and new and struggling corporations, and exempts those corporations which are most able to pay by giving them dividend credits for disbursements out of accumulated surpluses.

Last January, in order to bring to the attention of Congress the unfairness and evils of the undistributed-profits tax and the unwisdom and harshness of the capital-gains tax, I introduced two measures calculated to afford proper relief to corporations and to permit business expansion, with resulting increase in employment. I proposed to allow a credit, for the purposes of the undistributed-profits tax, of an amount equal to the sum paid out during the taxable year for the construction and improvement of real property, for the purchase and installation of plant and machinery, and for the expansion or replacement of plant and other productive facilities, and also an amount equal to all amounts paid within the taxable year in discharge of a debt or irrevocably set aside within a taxable year for the discharge of a debt.

Mr. CONNALLY. Mr. President, will the Senator yield so that I may ask him a question?

Mr. KING. I yield.

Mr. CONNALLY. I do not want to break in upon the thread of the Senator's argument.

Mr. KING. Proceed.

Mr. CONNALLY. The Senator will remember that when we adopted the undistributed-profits tax, we reduced the normal tax on corporations. Does the Senator think it would be fair to exempt profits from the tax, and allow them to be used for expansion or for the payment of debts at the reduced normal tax; or would the Senator favor the



restoration in such cases of the normal 15 or 16 percent tax?

Mr. KING. We now have a 15 percent normal tax.

Mr. CONNALLY. No.

Mr. KING. That is the maximum.

Mr. CONNALLY. It varies. For the smaller rates it is smaller. Then it goes on up.

Mr. KING. The maximum is 15 percent. Slightly below the former 1935 normal tax.

Mr. CONNALLY. I have great respect for the Senator's views and his tireless efforts on the Finance Committee properly to adjust taxation; but I cannot see any great harm in taxing profits when that is all that is taxed. If a concern does not make profits, it does not have to pay the tax.

While I did not favor the undistributed-profits tax as it came over from the House, putting all of the tax on undistributed profits, I did support, as most other Senators did, the Senate amendments which became the law in effect, whereby we reduced the normal tax on most corporations, and then put on a surtax in the form of an undistributed-profits tax.

If we are going to exempt anybody from the undistributed-profits tax, it seems to me we ought to reimpose on those particular classes of corporations the normal tax to recoup the revenue. Otherwise, they will be getting off at a lighter rate of tax than before the adoption of the undistributed-profits tax.

Mr. KING. Mr. President, my friend from Texas and myself may not be very far apart in our views. The Revenue Act of 1934, as I recall, imposed a normal corporate tax considerably less than that of 1935. My recollection is that the normal tax in 1935 was 13¾ percent. In the 1936 Revenue Act, the normal tax was graduated, the lower rate being, as I recall, 8 percent, and the higher rate 15 percent. I was of the opinion when the undistributed-profits tax was under consideration that it would fail to yield the revenues claimed for it by the Treasury officials. It was my view that it would work irreparable injury particularly to smaller corporations, and would result in reducing revenue instead of increasing it. I stated, however, that if the normal taxes provided in the bill were inadequate to meet Treasury demands, I would be willing to increase the normal tax. My position is that the undistributed-profits tax is unfair and is a serious handicap to our industrial development. Before taking my seat, I shall submit some reasons in support of this conclusion.

The word "debt," as used in my proposed amendment, includes obligations assumed after April 30, 1936, for the purpose of refunding debts incurred prior to May 1, 1936.

The PRESIDING OFFICER. The Senator's time upon the amendment has expired.

Mr. KING. I shall proceed on the bill.

I may say that the undistributed-profits tax has borne heavily upon the small corporations and has been destructive of many corporations which under State laws were prohibited from paying dividends or distributing profits until their obligations were paid. Yet under the undistributed-profits tax they were prevented from meeting their obligations and some were thereby forced into bankruptcy.

Germany for the past 3 years has allowed a deduction from its income tax for expenditures for machinery and like facilities, and I am advised that this course has had a most favorable economic effect and that because of the increased profits the revenues have increased instead of decreased. It was my view when the undistributed-profits measure was under consideration that if corporations were permitted to employ their net profits in the discharge of their debts and in expanding their business, important benefits would result not only to labor but to the entire country. It was my view that the increased taxes resulting from increased business activities would supply larger revenues to the Government than those that would be realized under the undistributed-profits system.

Mr. President, appropriate tax relief at this session will revive business and increase employment. There is no need for delay. We should lay aside measures now under consideration and pass a measure relieving from the oppressions of

the undistributed-profits and capital-gains taxes. While favoring the repeal of both of these taxes, in order to secure prompt relief, I have offered two amendments to the existing law. The first exempts 40 percent of the corporation's adjusted net income from the penalty of the undistributed-profits tax, and the second cuts in two the existing tax on capital gains.

Mr. MINTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Indiana?

Mr. KING. I prefer not to yield, because my time is limited.

Mr. MINTON. I merely desire to ask a brief question about the amendments to which the Senator has just referred.

Mr. KING. Very well.

Mr. MINTON. Would the Senator's proposal refund the taxes for this year or would it relate only to the future?

Mr. KING. It would relate only to the future.

Mr. MINTON. Does the Senator think that might not well be taken care of in the ordinary course of the next regular session?

Mr. KING. Probably that is true; but, as Senators know, the regular session will be overwhelmed with hundreds of important measures, including appropriation bills for the next fiscal year, that will require considerable time for their disposition. It is evident that a general revenue measure, such as will probably be considered, will consume weeks and perhaps several months of the time of the House and the Senate. The relief which I am now seeking will be an important contribution to the revival of business and will be convincing proof of the desire of the administration and the Congress to improve present economic and industrial conditions. In my opinion, there are many reasons justifying Congress in immediately providing the relief called for in the two amendments which I have suggested.

Undoubtedly much can be said in favor of the position taken by the Senator from Indiana that we should pretermit consideration of tax matters until the regular session; but, as I have indicated, the important advantages which would result to the country in obtaining the relief the amendments will afford not only justify, but, in my opinion, demand, that Congress lay aside the consideration of other measures and promptly amend the provisions of the 1936 law dealing with the capital-gains and undistributed-profits tax.

I might add that the undistributed-profits tax has failed to produce the revenue claimed for it by its proponents. They estimated that it would produce from six to seven hundred million dollars of revenue annually. I make the prediction that it will not yield to exceed \$300,000,000 for the year in which it has been operating.

(1) Undistributed profits tax amendment: The amendment to section 14 (a) (2) of the act provides for a credit against adjusted net income, in computing undistributed net income, of 40 percent of the adjusted net income. This amendment is designed to afford some relief to corporations from the penalties of the undistributed-profits tax for the taxable year 1937.

The undistributed-profits tax in its present form adversely affects business in the following respects:

(a) It has prevented the normal growth and expansion of industry. The tax places an economically prohibitive burden on any part of current income devoted to the expansion of productive facilities.

(b) It has imposed a tremendous obstacle in the path of the replacement of worn-out and obsolete plant and machinery. During the depression of 1929 industry was compelled to forego such replacement and modernization. Machinery was worked long past its ordinary period of usefulness and new types of machines were not adopted because of the lack of funds. This accumulated backlog of necessary replacements could be made now if not for the penalties of the undistributed-profits tax.

(c) It has prevented the reemployment of those now unemployed. If the expansion, replacement, and modernization of productive facilities were permitted, it is estimated



that the durable-goods industries alone could give employment to the greater portion of our present unemployed.

I want to commend the President for the effort which he is making to increase the production of durable goods and to improve the housing situation. Increased employment in the durable-goods fields would increase purchasing power and would result in increased employment in other fields. By discouraging this, the tax conflicts with the administration's policy that industry should absorb the unemployed.

(d) It has jeopardized—and actually curtailed—the employment of those now employed. By compelling corporations to distribute everything, the tax has not permitted the accumulation of necessary reserves for contingencies. The slightest recession in business activities requires business to cut down existing employment.

(e) The tax has promoted monopoly, and if continued in force it would more than overcome the continued efforts of the Department of Justice and the Federal Trade Commission. It has also placed small business in a strait jacket and has given undue advantage to some businesses at the expense of their competitors.

(f) It violates the tax principle of ability to pay by imposing penalties on those least able to pay. Those corporations which are in financial difficulties and so are in no position to distribute earnings to stockholders are compelled to pay a heavier tax than corporations with large accumulated surpluses.

(g) It has penalized the payment of debts and has discouraged the extension of further credit. This has tended to cut down the volume of business.

(h) It has introduced elements of uncertainty into business which have discouraged and curtailed normal business activity. Corporations are compelled to make a host of complicated calculations before the end of the year and determine their dividend policy accordingly.

Of course it is impossible, in the mercurial, fluctuating conditions of business, to determine what the business profits of corporations could be. Assets may diminish and goods on the shelves may seriously decline in value before sold.

In rendering tax reports it is impossible, because of the uncertainty in business conditions, to determine what one's future policy in business shall be and what taxes he shall be required to pay or what dividends he may be permitted to distribute.

It is no wonder that business, as some people have said, using the parlance of the street, is afflicted with the "jitters" today.

(i) It arbitrarily measures the penalty by an artificially defined, statutory concept of "undistributed net income," and not by the true or book income of the corporation, which is the only income available for the payment of dividends.

(j) It has tended to produce unsound corporate financing which jeopardizes the investor. The effect of this on the security markets has already made itself felt.

These and innumerable other defects of the tax are now evident. The present business recession is definitely attributed in large part to the tax and threatens to become more serious daily.

I believe the importance of immediate legislation modifying the undistributed-profits tax is recognized by such administration financial experts as Governor Eccles, of the Federal Reserve Board; Jesse H. Jones, Chairman of the Reconstruction Finance Corporation; and Joseph Kennedy, Chairman of the Maritime Commission. And it was recognized by the President in his recent statement, if I properly interpret the same.

It is conceded by the Subcommittee of the House Committee on Ways and Means, which has recommended a program for the revision of the undistributed-profits tax at the regular session in January.

I may say that other countries, particularly Great Britain, which investigated the capital-gains tax, have abandoned it, believing it is unwise and unproductive of desired results.

Mr. President, the downward trend of business activity must be stopped now.

A blanket credit of 40 percent of the adjusted net income would accomplish this. It would afford immediate relief of substantial proportions—either for expansion and replacement, for the repayment of indebtedness, for the accumulation of necessary reserves, or for correlating undistributed net income with the "true income" available for dividend distributions, and so forth.

It would evidence the bona fides of Congress in promising to revise our revenue system at the next session.

And its effect in stimulating business would be immediate.

(2) Amendment to capital gains tax: The amendment to section 117 of the act provides that only 50 percent of the capital net gain will be included in computing net income. Capital net gain is determined by computing capital gains and losses as under the present law—that is, only certain percentages of capital gain and loss are recognized, depending on the length of time the capital asset has been held. Capital losses so determined are then set-off against capital gains. If gains exceed losses, the resulting figure—capital net gain—is included in computing net income only to the extent of 50 percent. If losses exceed gains, the resulting figure—capital net loss—is deductible in computing net income only to the extent of \$2,000. This amendment will offer some measure of relief to taxpayers from the present provisions taxing capital gains.

The present method of taxing capital gains seriously affects all businesses as follows:

(a) It interferes with normal business transactions. Taxpayers delay taking a gain until an equivalent amount of loss can be taken or until they are entitled to the benefits of a reduced percentage of recognizable gain because of the length of time for which the asset has been held.

(b) It tends to raise market prices to unwarranted levels, by creating an artificial scarcity of securities and then accentuates a falling market, as persons hasten to sell in order to wipe out capital gains. This factor has been increasingly evident in the present market.

(c) It treats capital losses inequitably by limiting their deductibility while capital gains are taxed in full.

(d) It artificially measures the taxpayer's ability to pay by the transactions of a single year, even though the net result of his investment transactions over a period of years show no profits or even a loss.

(e) It retards business recovery by discouraging profit-taking, thus reducing the velocity of the circulation of money.

(f) Insofar as it taxes retained corporate earnings which are reflected in the appreciation in the market value of stock, the tax duplicate, the undistributed-profits tax.

(g) It discriminates against the taxpayer who is forced to sell as compared with the taxpayer who may pick and choose the most appropriate time.

(h) It discriminates without cause against corporations by denying to them the advantages of the decreasing percentages of recognized gain, although they are not subject, like individuals, to graduated surtaxes.

These factors have contributed to the present shortage of capital in industry. Moreover, because of them men of outstanding ability, who in the past have provided employment and opportunities for others, are retiring from active business and are refusing to assume the risk of new enterprises. Finally, large capital has tended to gravitate toward tax exemptions.

All this is recognized. The House subcommittee has also recommended substantial changes in this tax for consideration at the regular session. But here, too, the need for revision is immediate.

While I should be glad to see both of the taxes to which I have referred repealed, I believe that the relief sought by the two amendments, which I have offered, will encounter no opposition and can be immediately obtained, and therefore justify the course which I am pursuing. Accordingly I suggest the taxation of capital net gains only to the extent of 50 percent, and that the amendment dealing with the undistributed-profits tax be adopted.



Mr. President, the amendments I have offered relate to House bill 6215, an act to repeal provisions of the income-tax law requiring a list showing the compensation paid officers and employees of corporations. I take the position that the measure to which I have referred is a revenue measure. It has been reported favorably by the Committee on Finance, and is now upon the calendar, so the amendment which I have offered is to a measure now pending which deals with the subject of revenue, and therefore the amendment may not be subject to a point of order as being a revenue measure, which would have to originate in the House of Representatives.

In my opinion, there is a general feeling throughout the country that the undistributed-profits tax and the capital-gains tax should be drastically modified or repealed. Indeed, I believe that those who have given most thought to the question of taxation regard both of these taxes as unwise and favor their repeal.

Hon. Joseph P. Kennedy in a recent article entitled "Big Business, What Now?" appearing in the Saturday Evening Post under date of January 16, 1937, discusses this question, and I ask permission to include as a part of my remarks excerpts from his article.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXCERPTS FROM AN ARTICLE BY JOSEPH P. KENNEDY ENTITLED "BIG BUSINESS, WHAT NOW?" APPEARING IN THE JANUARY 16, 1937, ISSUE OF THE SATURDAY EVENING POST

These are some of the outstanding evils in the conduct of capital and finance that need correction. But there are two suggestions I am taking the liberty of making herein for real consideration by Government authorities. These suggestions have two purposes: The establishment of the safe and sane economic conditions to effect which President Roosevelt has pledged himself; and real and substantial aid to business.

I propose:

First. Real modification of the capital-gains tax:

- a. To accelerate money.
- b. To soften sharp breaks in the stock-exchange prices.
- c. To eliminate the real handicap to American investors as against foreign speculators.

Second. A revamping of the economic features of the new corporation tax.

- a. To benefit new corporations, which must be encouraged.
- b. To permit corporations to maintain surpluses to take care of times of depression.

In considering modification of the capital-gains tax, I think the Government should allow increment growing out of sound investment to a man while he lives and not take it away from him in wholly disproportionate taxes. England has found it salutary to encourage initiative by permitting a man to enjoy the fruits of his earnings from investments while alive, and has been satisfied to take its proportionate share of those earnings from the beneficiaries—recipients of wealth unearned by themselves—after the death of the man whose labors purchased the wealth.

The argument for the repeal of the present tax should not only be a traditional one; it should also be based upon the fact that while American citizens are taxed on their security appreciation, other countries impose no such tax upon their nationals; the foreigner can trade to tremendous advantage in our security market, sell at the appropriate time and avoid assessment on his profits, whereas the American citizen is prevented, by the taxation laws of his country, from exercising even ordinary prudent judgment. Incidentally, of course, the effects are also harmful. If Americans in large numbers are prevented from selling the securities and capturing profits, then stock inflation is accentuated, because there is a premium put on holding stocks off the market. An artificial scarcity is thereby created that will make effective unwarranted price levels which inevitably and ultimately must collapse.

Without spelling the matter out in detail, I can also see a benefit to the general economy of the country by the free exercise of judgment of practically all security holders.

The profits in security appreciation in recent years have been very great in the aggregate. If these profits were taken and used, then, on the mere principle of velocity of money circulation, business would be stimulated by the increased purchasing power thereby created. As it is, an inert and frozen mass of purchasing power remains idle.

My reasons are several for hoping that the Administration will take steps to undo the harm it has done to shrewd corporate management by the oncoming undistributed-profit tax on corporations. It is not enough to point out that the act has accomplished its purpose; that the \$650,000,000 additional revenue needed by the Administration is assured by the flood of taxable dividends currently being made by American business corporations. The larger consideration, to my way of thinking, should prevail. The larger consideration calls for our restoring as a virtue in American business life the corporate practice of providing a reserve against the inevitable rainy day.

We have all had experience with corporations which, no longer than 3 or 4 years ago, had substantial operating deficits and would have been plunged into bankruptcy had they not accumulated surpluses in former prosperous years. It is a terrible thing to contemplate another period of business recession with large American corporations inadequately equipped to ride through the storm.

But these few instances do not offer justification of a tax which weakens the structure of a typical American business corporation and which actually penalizes the small and younger concern that has never been able, in the course of its development, to accumulate a treasury surplus.

I hope and confidently believe that these inequalities and shortcomings in the present law taxing corporation surplus earnings will receive the prompt attention of the Senate Finance Committee.

Mr. KING. I also ask permission to insert in the RECORD as a part of my remarks, several paragraphs from an address delivered by Hon. Jesse H. Jones, before the Independent Petroleum Association of America at Houston, Tex., under the date of October 14 last.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

As for taxes, it is well known that the Treasury is making a study of the entire tax situation with a view to recommending adjustments that will better distribute the tax burden. Taxes will, of course, continue high, and must needs be levied upon business, industry, and income, but should, and I believe will, be fairly distributed. I have no check of taxes in other countries, but we know they are very high and are being largely expended for military purposes rather than civil, as with us. Our Government expenditures are to build people; not to destroy them.

We hear more criticism of the undistributed-surplus tax and the capital-gains tax than almost any other Federal tax. I do not know to what extent these are under consideration by the Treasury or the congressional committees that report on tax matters, but certainly the Treasury and these committees will have ample information of the objections to them by those most affected. Personally I am inclined to the opinion that the principle of the undistributed-surplus tax is right, in that it prevents undue accumulations which naturally tend to monopolies. Certainly provisions should be made for corporations in debt; otherwise a great many can never get out of debt, especially those who suffered most during the depression and the little corporations. Some allowance should also be made for plant expansion and replacement, including equipment, modernization, etc., and corporations should be allowed to set aside some part of their net earnings as a reserve against contingencies without too much extra tax upon this reserve. I doubt if there will be any serious objection to some such adjustments, but it may be necessary to add something to the normal tax. This business can stand.

I have no fear that Government will tax business to the extent that there will not be a fair profit left. Undoubtedly the high brackets discourage initiative and investment by those best able to invest and take a risk. This phase of the tax situation should also be given consideration in whatever tax changes are undertaken, not for the purpose of lightening taxes on the rich, but to restore and preserve the incentive for initiative and investment. The hope of reward in every field of endeavor is our most effective spur.

#### THE NATIONAL LABOR RELATIONS BOARD

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD two editorials, one from the Pittsburgh Press of December 7, 1937, entitled "This Is the Law," and the other from the Philadelphia Inquirer entitled "N. L. R. B. Spells Persecution," of December 9, 1937.

Mr. CONNALLY. Mr. President, will not the Senator speak a little louder? We are interested. I assume the Senator's remarks are addressed to this side, because there is no one on the other side except the assistant Republican leader, the Senator from Vermont [Mr. AUSTIN], and one Democrat, the senior Senator from Illinois [Mr. LEWIS], who does not belong over there, and I know he will not stay over there long. [Laughter.] I should be glad if the Senator would speak so that we can hear him, because we are interested.

Mr. DAVIS. Mr. President, this is the first time I have known the Senator to be interested in the number on this side.

Mr. CONNALLY. That is all the more reason why the Senator should accede to my request and speak so that he can be heard.

Mr. DAVIS. Mr. President, the first editorial I have asked to have printed in the RECORD comes from a newspaper which has long represented the desires of a great host of people in western Pennsylvania, eastern Ohio, and northern West Virginia, who have upheld the cause of collective bargaining. The Pittsburgh Press has been a strong champion



of labor's rights. Now we witness, not a change in the editorial labor policy of that paper, but its frank recognition that the National Labor Relations Act, to which we had looked with such hope as an instrument of industrial peace, is being administered in a partisan fashion.

Freedom of speech and of the press is one of the primary rights of American citizens. Abridgment of the freedom of press by the National Labor Relations Board is now the occasion of comment from one end of the country to the other. I am not sufficiently acquainted with the exact details of this controversy to express a definite opinion concerning it. It involves the publication of a trade paper which criticized the Board's handling of an industrial labor dispute. I dare say that if the periodical in question was an organ of the A. F. of L. or the C. I. O. the threat made against its right of free speech would be heralded to high heaven, and justly so. I am convinced that an apparently endless amount of strife which has been aroused by the activities of the Board does not point in the direction of industrial peace, which is the object so many of us had hoped would be attained by it. When I voted for the creation of the Board, I hoped that it would promote the cause of collective bargaining in such a way as to bring peace in industry, without which we can have no lasting prosperity. Certainly, the editorial policy of the Pittsburgh Press would not have become so pronounced as shown in this article if there were not strong reasons for believing the Board to be partisan in its activities.

The article from the Philadelphia Inquirer represents the progressive point of view of that publication under its new management. I have talked recently with its editor and have learned from him his interest in the cause of collective bargaining and his experience in this field with the various newspapers with which he has been associated. Although the Inquirer is traditionally conservative, its new management has adopted a point of view in keeping with present needs. An examination of these two editorials coming from both ends of the great labor State of Pennsylvania will show their mutual agreement that the Labor Board requires investigation.

I repeat my request that these two editorials be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Pittsburgh Press of December 7, 1937]

#### THIS IS THE LAW

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances."

This is the first amendment to the Constitution of the United States—the first article of the Bill of Rights.

It does not say anything about whether a "free press" or "freedom of speech" or the right to "petition the Government" shall be exercised in the form of a newspaper article or editorial, or a paid advertisement, or a circular, or a reprint of a magazine article, or what other form it shall take.

It gives to any American citizen the right to speak his piece, as he sees fit, in whatever form he may choose, and to circulate it where and how he pleases.

It makes no difference what the article may say. The charges which an article contains may be true or false. It makes no difference whether they were inspired by the Weirton Steel Co. or the Emperor of Swat. It makes no difference how an article came to be written, or who passed on it, or what correspondence was exchanged regarding it.

The Constitution of the United States gives to any American—be he labor leader or corporation executive, editor or advertiser, individual or group or corporation, the right of free speech. He can speak his mind when, where, and how he chooses.

He is subject to certain limitations of law. He can be punished for defamation of character and libel and inciting to rebellion and violence. But he can say his say; he can speak his mind; he can circulate his views when, how, and as he sees fit—and he is not answerable as to why he arrived at a particular opinion, or who influenced him to reach that view, or how his views came to be circulated.

This is his constitutional guaranty as an American citizen. It is the basic guaranty of his freedom.

All the labored excuses and apologies of the National Labor Relations Board, all its attempts to differentiate between what a paper said and how its views came to be circulated, all its technical explanations of the differences between the publication of

a piece and the circulation of that piece—every excuse for invading the rights guaranteed by the first amendment to the United States Constitution fall flat when read in the light of what that amendment actually says.

The Labor Board tries to find a basis for denying, under certain conditions, the right of American citizens to speak their piece. The Constitution sets up no such limitations.

The Board holds that under certain circumstances the exercise of the privileges granted by the first amendment may violate the Wagner Act. The exercise of those privileges might tend to defeat the purposes of the act.

During prohibition it might have been claimed, with equal logic and validity, that attacks on the eighteenth amendment tended to defeat the effectiveness of the act.

It might be claimed that criticisms of and attacks on the income-tax law tend to encourage tax violations.

It might be claimed that verbal assaults on the rulings of the Interstate Commerce Commission tend to hamper their enforcement.

It might be claimed, in short, that criticisms of the actions of any branch or department or bureau of the Government tend to handicap the activities of that particular arm of Government. They do. But that's what the Constitution guaranteed they could do.

John L. Lewis or E. T. Weir or Joe Butch have a right to differ with what the Government is doing—and to express those differences in print—in a newspaper or magazine, or by letter, or sign, or mimeograph, or picture, or word of mouth.

No law—not even the Wagner Act—invalidated that right. It is written into our basic guarantees—the first provision of what we proudly refer to as the Bill of Rights—the most high-sounding title bestowed on any portion of our basic law.

This is the article which the National Labor Relations Board now attempts to limit and circumscribe, by technical interpretations. And the first invasion of it which succeeds is the gateway to eventual invalidation.

[From the Philadelphia Inquirer of December 9, 1937]

#### N. L. R. B. SPELLS PERSECUTION

By its shockingly inquisitorial conduct of two cases now before it, the National Labor Relations Board invites a searching congressional investigation as to its personnel, its methods, and its place in the American scheme of things.

In one case it has jumped on an obscure editor of a trade paper who had dared to criticize its handling of an industrial dispute. With appalling arrogance it has demanded that the editor produce all the material on which his critical article was based; copies of letters, memoranda, telegrams, cables, radiograms, reports, and other communications.

In the other case the editor of a small-town newspaper in Pennsylvania who published a contributed editorial displeasing to the Labor Board is being given the razzle-dazzle by the inquisitorial outfit. The editor, pounced upon by the Board, was hornsogged into revealing the name of the author of the editorial. That the writer, although an experienced newspaper woman, turned out to be the wife of an employee of the company involved in the labor dispute under inquiry was one of those revelations so dear to this amazing Board.

It should be borne in mind that these two inquisitions are not major undertakings by the N. L. R. B. They are merely offshoots from its deliberations on labor disputes. They represent side excursions into fields peculiarly attractive to the Board's members. They have none but the most indirect bearing on the adjudication of industrial cases. If the Board's grant of power by the Wagner Labor Act permits such brilliant demonstrations of its trouble-making ability in the relatively short time it has been in operation, what may be surmised as to the future if it is allowed to proceed unchecked?

The Board's bulldozing of two small-time editors is, at best, a revolting example of official ineptitude. But it is far more than that. The first article of the Bill of Rights reads, in part: "Congress shall make no law . . . abridging the freedom of speech or of the press." If the N. L. R. B.'s treatment of these two little editors isn't a violation of the constitutionally guaranteed freedom of the press to express opinions that are not slanderous or libelous, what is it?

But the Labor Board's drive on editors who displease it is only the latest exhibition serving to confirm grave doubts of its policies and methods. Last winter it came in for a general roasting for its abysmal failure to do anything about the wave of sit-down strikes. By April it was being freely criticized for the one-sidedness of its rulings—in most cases against industry. In July an analytical report by the United States Chamber of Commerce cited marked inconsistencies in the N. L. R. B.'s findings, but President Roosevelt immediately gave his opinion that it was operating fairly.

This called forth from Congressman RANKIN, Mississippi Democrat, and certainly no enemy of the administration, the charge that the Labor Board was an "unholy combination" carrying on "intolerable inquisitions" that threatened to "wreck southern and western industry." More recently other Senators and Representatives have demanded curbs on the Board and inquiries into its operations.

Obviously the N. L. R. B. has puffed itself up to be an overgrown bully, an arrogant, bludgeoning dictator over whatever and whom ever comes within its reach. How does it get that way? Is it the fault of its personnel? Is it because the Wagner Labor Act



which brought it into being must be amended or drastically revised before the Nation can be assured of the fair judgment of labor disputes by any board?

It was plain from the first that the N. L. R. B. was to be a quasi-judicial body. But it certainly was not plain that it would be a high-handed, swaggering agency that was not only judge but prosecutor and jury to boot. Instead of a calm, judicial referee which should be unprejudiced and impartial in the industrial disputes coming before it we seem to have been saddled with a Board that could give Hitler and Mussolini lessons in how to crack down, a Board that has added persecution to its other insufferable injustices.

The blame for this situation unquestionably is due in part to the act which created the Board. The Wagner labor relations law itself, one-sidedly against industry, does not conduce to fair and impartial judgments by its Labor Board. The Wagner law should be brought up for reappraisal and revision by Congress as early as is practicable.

But it is unthinkable that the Wagner Act contemplated or intended to permit the operation of such a blunderbuss as the N. L. R. B. has shown itself to be. It is the almost unbelievable ineptitude and crass ruthlessness of the Board's activities that prompt strong doubts concerning its personnel. Surely Congress should make it a point as soon as possible to hold these roughshod trampers upon constitutional rights up for rigid inspection and considered judgment.

Whether the N. L. R. B. gets that way from its parent Wagner Act or from its highly dubious personnel, it is for Congress to remedy. The one thing now certain is that this high-handed, dictatorial prosecutor-judge must not be permitted to go on lording it over American industry and the American people. There is nothing but ruination in its methods.

If the N. L. R. B. made ghastly mistakes before, it hit a new high for ineptitude when it picked on two little editors who displeased it. After all, this is the United States, not Russia or Germany.

#### AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. BARKLEY. Mr. President, I want to make an appeal to the Senate, to see if we cannot make more progress. We have been in session nearly 3 hours today, and have not even voted on the title to the tobacco section as yet. It seems to me that if we expect ever to finish the consideration of the bill we will have to begin to consider the amendments proposed by the committee, and after those are disposed of we will have to vote on a lot of amendments offered to the text by Senators. I appeal to Members of the Senate to let these extraneous matters go over until the pending bill shall be disposed of, and let us see if we cannot make some headway on the bill this afternoon.

The PRESIDING OFFICER. The question is on agreeing to the amendment inserting subdivision (a) of section 40.

The amendment was agreed to.

The next amendment of the committee was, on page 41, after line 9, to insert the following:

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the price for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

The amendment was agreed to.

The next amendment of the committee was, on page 41, after line 20, to insert the following:

(c) Whenever an abnormally excessive supply of tobacco exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

The amendment was agreed to.

The next amendment was, in section 41, page 42, after line 3, to insert the following:

SEC. 41. (a) Whenever, on the 15th day of November of any calendar year, the Secretary finds that the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level therefor, the Secretary shall proclaim the amount of such total supply, and, beginning on the first day of the

marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the tobacco marketed during such succeeding marketing year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the total quantity which may be marketed, which will make available for marketing during the succeeding marketing year a supply of tobacco equal to the reserve supply level. Such proclamation shall be made not later than the 1st day of December in such year.

Mr. ELLENDER. Mr. President, I have an amendment on the desk to this provision, which I ask to have reported.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 42, lines 15 and 16, it is proposed to strike out the words "for marketing."

The amendment to the amendment was agreed to.

Mr. LOGAN. Mr. President, I send to the desk an amendment which I desire to offer to the section now under consideration, and will ask to have it read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 42, between lines 19 and 20, it is proposed to insert the following:

(b) Whenever in the case of burley tobacco and fire-cured tobacco, respectively, the total supply proclaimed pursuant to the provisions of subsection (a) of this section exceeds the reserve supply level by more than 7 percent and a national marketing quota is not in effect for such tobacco during the marketing year then current, a national marketing quota shall also be in effect for such tobacco marketed during the period from the 1st day of December to the end of such current marketing year, and the Secretary shall determine and specify in the proclamation made pursuant to subsection (a) of this section the amount of such national marketing quota in terms of the total quantity which may be marketed, which will make available during such current marketing year a supply of tobacco equal to the reserve supply level.

Mr. LOGAN. Mr. President, I desire to offer a brief explanation of the proposed amendment. I had hoped that the Senator from Louisiana, who seems to be the sponsor of the tobacco section of the bill, might accept the amendment so that it might go before a conference committee for consideration. The amendment comes to me from the tobacco growers in my own State, where we produce about 75 percent of the entire burley crop. It applies only to burley and to the fire-cured tobacco, the two types of tobacco being grown in Kentucky.

When the bill was prepared by the committee it appears that because tobacco cannot be sealed or stored on the farm the ever-normal-granary idea could not be embodied in the tobacco section. The amendment I have offered does apply the plan of the ever-normal granary to tobacco, as it is applied to corn and cotton, and perhaps to all the other commodities. At all events, the amendment would place tobacco under the ever-normal-granary plan.

It is well known that sometimes there is a very great surplus of tobacco; at other times the crop is much smaller. Under the plan as expressed in the bill as reported by the committee the farmer must sell his surplus at the end of the year and pay a penalty of 50 percent, or he may, as I understand, carry it over for another year without paying a penalty. If the amendment should be agreed to, the farmer might store his tobacco in a warehouse, either a private or public warehouse, and keep it there until the following year without paying the penalty, and in subsequent years he could dispose of it.

The difference is that if the farmer sells the tobacco and pays the 50-percent penalty, he loses all ownership of the tobacco; but if he should put it in a warehouse and should be permitted, as the amendment would allow, to borrow perhaps not to exceed 50 percent on it, he would still have an equity in the tobacco.

This amendment would also put marketing quotas into effect immediately, before an excessive crop could be produced, instead of after, or perhaps both before and after, as I understand.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. LOGAN. I am glad to yield.



Mr. ELLENDER. As I understand the principle of the amendment, it is to put a marketing quota on tobacco after it is produced, and in cases where a marketing quota was not put on the year before.

Mr. LOGAN. That seems to be the purpose of the amendment. Let me say to the Senator that I do know something—not much—about the growing and the marketing of tobacco. We have the craziest method of marketing tobacco that could exist anywhere in the world about marketing any product. It seems to me that if this amendment to the committee amendment should be adopted—I do not know whether it will work or not, but I believe it will because the best tobacco man I know of in the United States tells me that it will, and that is the reason I think so—if it would work it would enable us to work out an orderly, sensible marketing plan that would be to the great benefit of all the tobacco growers in Kentucky.

The purpose of the amendment is to level out the production of tobacco. It will keep a uniform quantity of tobacco as nearly as may be. That is the sole purpose of the amendment.

Mr. ELLENDER. The marketing quota that would be authorized under the Senator's amendment would be put into effect only after the supply level is reached?

Mr. LOGAN. Yes.

Mr. ELLENDER. And in effect it would be the same as though a marketing quota had been put on production the prior year?

Mr. LOGAN. I think so. That is my understanding.

Mr. ELLENDER. The same penalties apply.

Mr. LOGAN. The same penalty would apply, except the farmer is not compelled to sell his surplus during the year in which it was produced. He may put it in the warehouse and, like corn or wheat, he would be enabled to borrow on it. I do not think the Government ought to loan on any product more than 50 percent of its value, but the farmer could hold the tobacco and borrow on it until he could sell it.

Mr. ELLENDER. I may state that that same amendment was discussed with me 2 or 3 days ago. The objection that I had to it was that the same penalties as apply to the marketing quotas fixed in advance of production would apply to this. But since the amendment now provides a different method I have no objection to it.

Mr. BARKLEY. Mr. President, will my colleague yield to me at that point?

Mr. LOGAN. I am glad to yield.

Mr. BARKLEY. Would not this amendment also operate to encourage among farmers cooperating marketing associations, some of which still exist in Kentucky and Tennessee, with respect to storage of their tobacco, and taking advantage of the facilities offered by the bill?

Mr. LOGAN. That was the most important point I wanted to stress. I forgot it, as I frequently do. The amendment will enable them to dispose of the tobacco cooperatively.

Since the Senator from Louisiana [Mr. ELLENDER] accepts the amendment, I am very glad to close my remarks.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. LOGAN] to the amendment reported by the committee on page 42, between lines 19 and 20.

The amendment to the committee amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment on page 42, being section 41 (a), as amended.

The amendment of the committee, as amended, was agreed to.

The PRESIDING OFFICER. The next committee amendment will be stated.

The next amendment was, on page 42, line 20, to insert the following:

(b) Within 30 days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who would be subject to the national marketing quota for tobacco to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such

quota, the Secretary shall, prior to the 1st day of January, proclaim the result of the referendum and such quota shall not become effective.

Mr. ELLENDER. Mr. President, I understand that the Senator from Kentucky offered an amendment, appearing between subsections (a) and (b).

Mr. LOGAN. That is correct. I send to the desk another amendment and ask that it be stated.

Mr. ELLENDER. Is the amendment to change the subsection letter from (b) to (c)?

Mr. LOGAN. That will come later. The amendment I now propose appears in line 25, after the word "quota", at the bottom of the page.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 42, line 25, following the word "quota", it is proposed to insert the following new sentence:

If in the case of burley or fire-cured tobacco farmers would be subject to a national quota for the next succeeding marketing year pursuant to the provisions of subsection (a) of this section, and also to a national marketing quota for the current marketing year pursuant to the provisions of subsection (b) of this section, the referendum shall provide for voting with respect to each such quota.

Mr. LOGAN. I believe the Senator from Louisiana has no objection to the adoption of that amendment to the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. LOGAN. Mr. President, I send to the desk a further amendment to change letter designations, and also to make an amendment on page 43, line 3.

The PRESIDING OFFICER. The amendments will be stated.

The CHIEF CLERK. On page 42, line 20, it is proposed to strike out "(b)" and insert in lieu thereof "(c)"; on page 43, line 4, it is proposed to strike out "(c)" and insert in lieu thereof "(d)"; and on page 43, line 3, it is proposed to strike out "become effective" and insert in lieu thereof "be effective thereafter".

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Kentucky.

The amendments to the committee amendment were agreed to.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. On page 43, line 4, it is proposed to insert the following:

(c) In connection with the determination and announcement of any marketing quota for the 1938-39 marketing year, the determination by the Secretary pursuant to subsection (a) of this section shall be made as of the 15th day of January and proclaimed not later than the 1st day of February, and the proclamation of the Secretary pursuant to subsection (b) of this section shall be made prior to the 1st day of March.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The next amendment was, on page 43, line 12, to insert the following heading:

Apportionment of National Marketing Quota.

The amendment was agreed to.

The next amendment was, on page 43, beginning in line 13, to insert the following:

SEC. 42. (a) The national marketing quota for tobacco established pursuant to the provisions of this title shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the 5 calendar years immediately preceding the calendar year in which the quota is proclaimed (taking into account the base acreages and goals for tobacco established under previous agricultural adjustment and



conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production for small farms, and for trends in production during such 5-year period.

Mr. ELLENDER. I offer an amendment on page 43, line 14, which I ask to have reported.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 43, line 14, after the word "title", it is proposed to insert a comma and the following: "less the amount to be allotted in subsection (c) of this section."

Mr. ELLENDER. The purpose of that amendment is to deduct from the national quota that part under subsection (c) to be allocated to new growers.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. ELLENDER. I send to the desk another amendment, on page 43, lines 18 and 19, which I ask to have reported.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 43, lines 18 and 19, it is proposed to strike out the words "(taking into account the base acreages and goals for tobacco established" and insert in lieu thereof the following: "(plus, in applicable years the normal production on the acreage diverted."

Mr. ELLENDER. That amendment simply clarifies the language, Mr. President.

Mr. GEORGE. Mr. President, would that still leave it free for the Secretary to consider the base acreage?

Mr. ELLENDER. It is changed so that the diverted acreage in the past shall be taken into consideration in figuring out the quotas.

Mr. GEORGE. So it would take into consideration the diverted acreage in the preceding years?

Mr. ELLENDER. Yes, sir. That is the purpose.

Mr. GEORGE. Is there any disagreement about that? I should like to have that point made very clear.

Mr. ELLENDER. There is no disagreement of which I know.

Mr. GEORGE. The language as it stands I understand to mean that same thing?

Mr. ELLENDER. It means that same thing.

Mr. GEORGE. I am very anxious that there be no change in the meaning of this particular phrase.

Mr. ELLENDER. I can see no difference. That same language has been used, I may say to the Senator, in reference to other commodities. The acreage diverted is taken into consideration. It will be noticed, particularly with reference to the rice section, that similar language is used there. It was the desire to make the language more nearly uniform.

Mr. GEORGE. Mr. President, I merely wish the RECORD to show that that does not interfere with the consideration—on the contrary, it requires the consideration of the production on the diverted acreage during the period used as the basis of arriving at the national quota.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] on page 43, lines 18 and 19.

The amendment to the committee amendment was agreed to.

Mr. PEPPER. Mr. President, I send forward an amendment which I ask to have stated. It is the amendment proposed by my colleague [Mr. ANDREWS] and myself.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 43, line 24, it is proposed to strike out the period at the end of the line and to insert therein a colon and the following:

*Provided, however,* That to prevent in any case too sharp and sudden reduction in acreage of tobacco production in any State, the marketing quota for flue-cured tobacco for any State (1938-39) shall not be reduced to a point less than 80 percent of the production of flue-cured tobacco in such State for the year 1937.

Mr. PEPPER. Mr. President, before I address myself to that amendment. I ask to correct the amendment so as to eliminate the figures 1938 and 1939, and insert in lieu thereof "for any year", so that the amendment will now read:

*Provided, however,* That to prevent in any case too sharp and sudden reduction in acreage of tobacco production in any State, the marketing quota for flue-cured tobacco for any State for any marketing year shall not be reduced to a point less than 80 percent of the production of flue-cured tobacco in such State for the year 1937.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PEPPER. Mr. President, the purpose of that amendment is this:

In the bill on page 42, the discretion of the Secretary of Agriculture to make an acreage reduction is unlimited. So far as the provisions of the bill are concerned, he could reduce all existing acreage 50 percent, and there would be no contradiction in the terminology of the bill. My State produces flue-cured tobacco in a relatively small acreage. Whereas Florida produced flue-cured tobacco in the year 1937 on only 13,000 acres, North Carolina had 661,000 acres. So if the reduction of acreage in my State were too severe, it would leave us hardly anything at all upon which to proceed in the future.

Therefore I have not restricted this language to our State, but have written into the bill by this amendment a limitation upon the discretion of the Secretary in the reduction of acreage; namely, that in no case can he reduce acreage in any State below a point equivalent to 80 percent of the production in acreage for the year 1937. I respectfully submit that that is only a fair provision, and that the intent of the amendment is that the adjustment shall be made not in any other State quota, but in the national quota, and therefore there would be no perceptible influence upon the quota of any particular State.

Mr. GEORGE. Mr. President, so that that part of the matter may be put at rest, will the Senator accept an amendment to his amendment, which I will read:

*Provided further,* That this provision shall be applicable only to the adjustment of the national quota, and not in adjusting the quota of the several States producing tobacco.

Mr. PEPPER. I shall be glad to accept that, Mr. President, because that is the intent of my amendment—not to affect any other State adversely, but only to affect the national quota to the extent to which that principle may be employed.

Mr. McNARY. Mr. President, I do not understand the proposal of the Senator from Georgia. I ask the clerk to read it.

The PRESIDING OFFICER. The clerk will read the amendment suggested by the Senator from Georgia.

The CHIEF CLERK. At the end of the amendment proposed by the Senator from Florida it is proposed to add the following:

*Provided further,* That this provision shall be applicable only to the adjustment of the national quota and not in adjusting the quota of the several States producing tobacco.

Mr. BARKLEY. Mr. President, does the Senator's amendment to the amendment refer only to flue-cured tobacco, as the amendment itself does?

Mr. GEORGE. "Such tobacco."

Mr. PEPPER. Only to flue-cured tobacco. I am glad to accept that amendment.

Mr. BYRD. Mr. President, I desire to ask the Senator whether his amendment is approved by the Department of Agriculture.

Mr. PEPPER. It has not been presented to the Department in that language. The Department did not approve an amendment, which I at one time considered, to limit the discretion of the Secretary with respect to Florida to a reduction of not more than 20 percent of our 1937 production; but I have not had an opportunity to present the amendment in this phase, which is a development of several conferences on the floor with Senators from tobacco-producing States. I do not believe the Department would have any



appreciable objection to it, because it would have an imperceptible influence upon the national quota.

We produce tobacco on only 13,000 acres altogether. I am merely proposing that no State shall have its quota reduced more than 20 percent of its production in 1937, because that would still reduce us 2,600 acres, and that is enough for anybody to be reduced, certainly in the case of a little State.

Mr. BYRD. Is the Senator willing to defer the consideration of the amendment until he can communicate with the Secretary of Agriculture and ascertain the attitude of the Department? This is a very complicated question involving the acreage of a number of States.

Mr. PEPPER. I am not in position to do that, because that would mean the postponement of the whole section so far as I am concerned; and if the Department should have any violent objection, I feel that in conference that objection could be made known.

Mr. BYRD. I understood the Senator to say to me that he had conferred with the Department with respect to a number of other amendments.

Mr. PEPPER. That is true.

Mr. BYRD. Why did not the Senator confer with them with respect to this particular amendment?

Mr. PEPPER. I did confer with the Department with respect to this subject; and in the form in which the amendment was originally presented, the Department did not approve 80 percent. I am not saying what other percentages they would have approved; but after consultation with other Senators, and after hearing the suggestion offered by the Senator from Georgia [Mr. GEORGE], and seeing, as I hope everybody will see, that my amendment does not affect the individual States, but the adjustment would be made in the whole national quota, I cannot see why anybody should have any objection to the amendment.

Mr. BYRD. What I am unable to understand is why the Senator conferred with the Department about five or six other amendments that he had and at the same time did not confer with them about this particular amendment.

Mr. PEPPER. I desire to make it clear to the Senator that I did confer with the Department about this general subject.

Mr. BYRD. Do they favor it or do they not favor it?

Mr. PEPPER. They have not been conferred with about this point in the form in which it is now presented because the issue in that form arose just a few minutes ago here on the floor of the Senate after conferences with other Senators.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. BARKLEY. As I understand, as originally offered, the Senator's amendment applied only to Florida by name.

Mr. PEPPER. That is correct, and the Department was opposed to that.

Mr. BARKLEY. The Department objected to that?

Mr. PEPPER. That is correct.

Mr. BARKLEY. In order to get away from naming any State in the amendment the Senator has used general terms, so that the amendment would apply to flue-cured tobacco so far as the national quota is concerned?

Mr. PEPPER. That is correct, and giving it the additional safeguard of the amendment of the Senator from Georgia.

Mr. BYRD. Then, as I understand, this particular amendment has not been submitted to the Department.

Mr. PEPPER. That is correct.

Mr. BYRD. But the Department disapproved one which had virtually the same effect?

Mr. PEPPER. No; I will not admit that. The Department disapproved one that named Florida as an individual State whose quota could not be reduced more than 20 percent but has not disapproved the amendment in its present form. I talked with a representative of the Department of Agriculture a while ago, but the individual to whom I talked stated he was not in position to express any opinion about the matter. At this time I cannot see anything wrong with the principle of limiting the discretion of the Secretary so that he cannot reduce the acreage of any

State more than 20 percent of the acreage in 1937, because that is enough reduction for any State, whether a little one or a big one.

Mr. ELLENDER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. PEPPER. I do.

Mr. ELLENDER. As I understand the amendment of the Senator from Florida, it would make some changes in the flue-cured-tobacco quotas of the States in which this kind of tobacco is grown. This would result from the fact that the 1937 production, taken alone, is more favorable to some States than others. I have here a table which shows the 1937 production of flue-cured tobacco by States as compared with the average production in the 5-year period 1933-37. Partly because of unfavorable growing conditions in some States as compared with others, the 1937 production alone is not representative of the normal production in different States. Thus the amendment might operate to favor growers in some States at the expense of growers in other States—especially States where unfavorable conditions of production prevailed in 1937.

A greater difficulty might arise, however, if it should become advisable to have a national marketing quota less than 80 percent of the 1937 production which, incidentally, was about 135,000,000 to 140,000,000 pounds, or about 20 percent above the present level of consumption. The amendment in such case would operate to defeat the purpose of the bill by making necessary a quota larger than that originally intended in the bill.

It may be noted, as I have said earlier today, that the bill as drafted provides for recognition of trend or increased production in any State in apportioning the national quota.

Mr. President, I ask leave to insert at this point the table I have just referred to showing production of flue-cured tobacco in the several States for 1937 as compared with production for the 5-year period 1933-37:

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

There being no objection, the table referred to was ordered printed in the RECORD as follows:

	5-year average production (1933-37)		1937 production	
	Pounds	Percent	Pounds	Percent
Virginia.....	64,114,000	8.8	71,710,000	8.6
North Carolina.....	507,315,000	70.1	569,750,000	68.2
South Carolina.....	82,994,000	11.5	106,400,000	12.7
Georgia.....	63,310,000	8.7	76,893,000	9.2
Florida.....	6,249,000	.9	10,920,000	1.3
Total.....	723,982,000	100.0	835,713,000	100.0

Mr. ELLENDER. As I stated a moment ago, the way in which tobacco is allotted to the various States is on the average production for the past 5 years, with adjustments for trend and for abnormal conditions of production. If this amendment should be adopted, in my opinion it would change the allotments along the lines I have just suggested.

Mr. BYRD. Mr. President—

Mr. PEPPER. I yield to the Senator from Virginia.

Mr. BYRD. The Senator from Louisiana has been in touch with the Department of Agriculture in connection with all these matters. Do they favor this amendment, so far as the Senator knows, or are they opposed to it?

Mr. ELLENDER. I had occasion to talk to a member of the Department this morning, and, judging from my conversation with that gentleman, the Department is not much in favor of it.

Mr. CONNALLY. Mr. President, what does the Senator state is the attitude of the Department?

Mr. ELLENDER. The Department does not favor it.

Mr. PEPPER. Mr. President, let us take the language of the bill and then apply the amendment to it and see how it will operate.



On page 42 the following language appears:

The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the total quantity which may be marketed, which will make available for marketing during the succeeding marketing year a supply of tobacco equal to the reserve supply level.

If there is any other provision in the bill which lays down a standard to govern the Secretary of Agriculture in fixing the national marketing quota, I should like to have it pointed out.

Mr. BAILEY. Mr. President, let me suggest to the Senator that probably that point of the national quota is a point for his amendment. The Senator's amendment relates to any State. Suppose he should write his amendment so as to provide that the national quota shall not be reduced in any year by more than 20 percent; then he would have the cushion that he wishes to have. The cushion would apply equally to all the States; but, as I understand the way the Senator's amendment is drawn, it relates to any State. Under it the Secretary could cut the quota of my State and not cut the quota of the Senator's State.

Mr. PEPPER. Yes; but, in reply to the inquiry of the Senator from North Carolina, I will say that the Secretary could not cut the quota of either the Senator's State or mine more than 20 percent. In other words, there is a limit to the exercise of his discretion.

Mr. BAILEY. Is the Senator asserting the principle of allowing the Secretary of Agriculture to cut the quota of my State and not cut the quota of the Senator's State?

Mr. PEPPER. I am allowing the Secretary of Agriculture a continuation of the discretion vested in this bill, with a limitation.

Mr. BAILEY. I ask the Senator a very simple question. Let us get the facts. Is the Senator asking, by his amendment, to empower the Secretary of Agriculture to cut the quota of the State of Virginia and not cut the quota of the State of Florida?

Mr. PEPPER. I will answer that question "No," with this supplement to my answer: I am diminishing the Secretary's discretion instead of increasing it.

Mr. BAILEY. With all due respect, I think the Senator's answer is like the one the Senator from Louisiana [Mr. ELLENDER] made just now—"not much." [Laughter.]

Mr. PEPPER. All right, Mr. President. I am sure the Senator will let me explain the reason for that statement.

Mr. BAILEY. Yes; I am perfectly willing, but I do not want any of this "not much" answer. I want to know what we are doing.

Mr. PEPPER. All right. I prefaced my statement with "no." This is section 42:

The national marketing quota for tobacco established pursuant to the provisions of this title shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the 5 calendar years immediately preceding the calendar year in which the quota is proclaimed (taking into account the base acreages and goals for tobacco established under previous agricultural adjustment and conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production for small farms, and for trends in production during such 5-year period.

Under that language there is no limitation whatever on the discretion of the Secretary. What I do is to impose upon him the limit that he cannot in any case, in the adjustment of quotas, restrict the quota of any State below 80 percent of the production of that State in 1937.

Mr. ELLENDER. Mr. President—

Mr. PEPPER. I yield to the Senator from Louisiana.

Mr. ELLENDER. In justice to the Senator from Florida, on the question whether or not the Department favored his amendment, I desire to state that I have a written statement from the Department with reference to the amendment as it was originally drafted.

The amendment as it was originally drafted, and to which the Department has objected, reads as follows.

On page 43, line 24, after the word "period", insert a colon and the following: "Provided, That any marketing quota for flue-

cured tobacco for the State of Florida for the 1938-39 marketing year shall not be less than 80 percent of the production of flue-cured tobacco therein in 1937."

The statement of the Department goes on to say that this amendment is undesirable "for the following reasons," then follows the reasons why it is undesirable. I do not believe the language that has been added by the Senator from Florida has been submitted to the Department.

Mr. PEPPER. Nor has the language of the amendment offered by the Senator from Georgia [Mr. GEORGE] been submitted to the Department.

Mr. ELLENDER. That is correct.

Mr. PEPPER. Mr. President, let me make just this statement in conclusion:

We are not dealing, as we were in the case of the sugar bill, with the allocation of additional acreage. We are dealing with the reduction of existing acreage. This is the reason why I am so much interested in it, as will become apparent:

During the past 5 years, in production of tobacco, the acreage of the State of Florida has increased from 5,000 acres to 13,000 acres—a greater percentage of increase than any other State has shown. But I say that in the year 1937 we had the same right to grow tobacco that North Carolina had, the same right that Virginia had, the same right that every other tobacco-growing State had.

When you reduce existing acreage, you have no right to reduce our acreage more than you reduce the acreage of anybody else. That is what I am getting at; and yet, if you use the 5-year standard that has been written into this bill, you will cut my people back nearly 50 percent of the existing acreage, more than in the case of any other State in the Union.

So I say the principle is not the same one that we had in the sugar bill for the allocation of future allotments of acreage. You are talking about cutting out existing acreage, and you go down to my State of Florida and say to my tobacco farmers, "You were growing tobacco illegally last year," or, in substance, "Because you were not producing tobacco 5 years ago, we are going to penalize your existing acreage."

That is not right. I know that in substance the authorities are going to reduce the national quota about 20 percent, and I just do not want them to reduce my acreage more than they reduce Virginia's acreage, because we had the same right to grow tobacco last year that they had.

Mr. BYRD. Mr. President—

Mr. PEPPER. I yield to the Senator from Virginia.

Mr. BYRD. Is it not true that from 1936 to 1937 the number of pounds of tobacco produced in Florida was increased by 50 percent?

Mr. PEPPER. Yes.

Mr. BYRD. No such condition as that existed in Virginia.

Mr. PEPPER. That is correct. What has that to do with the matter? That did not make our acreage illegal last year.

The PRESIDING OFFICER. The time of the Senator from Florida on the amendment is exhausted.

Mr. ANDREWS. Mr. President, I think that it has been the policy of the Federal Government and the policy of the Agricultural Department of the Federal Government and of each State to encourage rotation of crops. If agriculture is ever to pull itself up to the point where the people will feel safe in undertaking that vocation for a livelihood, it will be through rotation and diversification of crops. It will reach that only through a system of change of crops on the various kinds of land. In accordance with that theory in the State of Florida the farmers have undertaken to vary their crops, to plant something on acreage that they were not allowed to plant under other conditions. Our Florida farmers have undertaken in the last 4 or 5 years to increase their production of flue-cured tobacco. I understand that flue-cured tobacco is the choice filling for cigarettes. The consumption of cigarettes since the war has more than doubled. Accordingly the farmers of certain counties in northern Florida have undertaken to vary their crops in order to keep from planting cotton or sugarcane.



We ran against the same situation when we undertook to procure more acreage for the production of sugarcane. We are now told that we cannot increase our acreage but must decrease because we must take an average production for the last 5 years. The last 5 years are the years when the production of flue-cured tobacco has gone from a few hundred acres up to 13,000 acres. If the bill becomes a law without our amendment, it is going to penalize the men who have spent their money to build their curing barns and other places for curing tobacco at great cost, and may cause at least half or more of their property to be confiscated.

I am perfectly confident that the adoption of this amendment would not seriously affect the other States. If it is the desire to aid in the rotation of crops, we now have a chance to encourage and help. I ask Senators not to cut the throats of those who are trying to better the conditions of agriculture by rotation of crops. We ask their vote for this amendment.

Mr. BAILEY. Mr. President, I should like very much to go along with the Senator from Florida, but if I do I will have to go the entire distance and destroy the bill. The arguments of the junior Senator from Florida [Mr. PEPPER] were to the effect that because Florida is being discriminated against and in danger of being injured because she did not produce tobacco in the last 5 years, it is a great wrong not to let them produce it on that ground. Every farmer in America could say the same thing because it relates to farming with respect to each man's opportunity in the last 5 years. If his argument is good for Florida, it is good against the whole bill.

The senior Senator from Florida [Mr. ANDREWS] followed with the statement that Florida had been producing other crops and now wishes to go into the growing of tobacco, that happening to be at the present time a profitable crop. He says it is a great wrong not to let them do it. If that is a good argument it can be made against the bill in behalf of every farmer in the United States. We could at once proceed to make the same argument with respect to burley growers in western North Carolina. I want to notify my friends from Kentucky that North Carolina is very much interested in burley tobacco. We produce 3,000,000 pounds. We would like to produce 5,000,000 or 6,000,000. We would like to have some arrangement like the one proposed whereby we can open up territory for the production of burley, because burley tobacco is a very good tobacco to produce. I could make the protest that it is a great injustice, just as my Florida friends, because the protest would go to the whole root and conception of the bill.

I suggest to my friends that if they wish to put a cushion under the whole proposition I will go with them. That is what I understood the senior Senator from Florida [Mr. ANDREWS] to say his amendment meant. If he wishes to forbid the Secretary of Agriculture from reducing the production of crops by more than 20 percent in all States and to make it even in all respects, that is just, that is fair, and we should provide that he shall not fix a national quota at less than 80 percent of the quota for 1937 and then make his distribution on the basis of the provisions in the bill. I should be in favor of that sort of cushion.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BAILEY. Certainly.

Mr. PEPPER. The Senator asked me a question a moment ago. I should like to ask the Senator a question along the same line. The proposal of the Senator, which he has just indicated he would be agreeable to adopt, would carry with it no limitation upon the ability and power of the Secretary of Agriculture to make a larger percentage of reduction of the 1937 acreage in Florida than he makes in North Carolina, would it?

Mr. BAILEY. I am contemplating that he will make one that will carry 80 percent right through the entire United States.

Mr. PEPPER. I should be willing to accept that amendment.

Mr. BAILEY. I am perfectly willing to vote for an amendment based on the suggestion of the Senator that would strictly forbid the Secretary of Agriculture from reducing the quota of flue-cured tobacco, or any other product, so far as that is concerned, under authority of this bill, below 80 percent of the production for a 5-year period, and when that quota is reached it shall be divided among the States pro rata according to their production in the years involved in the average or in the year 1937.

Mr. PEPPER. Oh, no; the average is the point in controversy here.

Mr. BAILEY. That is the cushion and I will support that cushion. That is the restraint on the Secretary of Agriculture to which the Senator from Florida referred just now. The amendment is not that at all. The amendment plows right straight down through the principle of the whole business and paints to the Senate, I believe for the first time in this long debate, the picture of the Congress of the United States laying out the farms and crops all over the United States.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Florida as modified by the Senator from Georgia.

On a division, the amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the adoption of the subdivision as amended.

Mr. ELLENDER. Mr. President, I have another amendment to this section.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 43, line 23, after the word "production", it is proposed to insert a comma.

The amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The CHIEF CLERK. On page 44, beginning in line 1, it is proposed to insert the following new paragraph:

(b) The Secretary shall provide, through local committees of farmers, for the allotment of the marketing quota for any State (less the amounts to be allotted under subsection (c) of this section) among the farmers producing tobacco therein on the basis of the following: Past production of tobacco; land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That except for farms on which for the first time in 10 years tobacco is produced to be marketed in the marketing year for which the quota is effective, the marketing quota for any farm shall not be less than the smaller of either (1) 2,400 pounds or (2) the average tobacco production for the farm during the preceding 3 years, not exceeding the normal production of the average of the base acreages or goals for tobacco established for the farm under agricultural adjustment and conservation programs during any of such preceding 3 years.

Mr. GEORGE. Mr. President, will the Senator from Louisiana permit me to offer an amendment at this point?

Mr. ELLENDER. Certainly.

Mr. GEORGE. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, in line 6, after the word "tobacco", it is proposed to insert "making due allowance for drought, flood, hail, other abnormal weather conditions, plant, bed, and other diseases."

Mr. GEORGE. Mr. President, this simply carries into the allotment to the individual farms within the State, after the State quota is determined, the same principle that the Secretary is enjoined to observe in fixing the national quota. In some States during this particular year very great ravages have occurred from plant diseases such as the blue mold, and from hail in certain sections. It is merely a precautionary injunction to the Secretary to take into consideration these abnormal conditions in dividing the allotment within the State to the individual farms within that State.



Mr. ELLENDER. I can see no objection to the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Georgia to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, in line 5, it is proposed to strike out the word "production" and insert "marketing", so as to read:

Past marketing of tobacco.

The amendment to the amendment was agreed to.

Mr. ELLENDER. I send to the desk another amendment, which I offer.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In lines 4 and 5 it is proposed to strike out, "farmers producing tobacco therein" and insert "farms on which tobacco is produced", so as to read:

The Secretary shall provide, through local committees of farmers, for the allotment of the marketing quota for any State (less the amounts to be allotted under subsection (c) of this section) among the farms on which tobacco is produced on the basis of the following.

The amendment to the amendment was agreed to.

Mr. PEPPER. Mr. President, I have an amendment which I desire to offer at this time.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, line 10, in the committee amendment, it is proposed to strike out the word "ten" and insert "five", so as to read:

Provided, That except for farms on which for the first time in 5 years tobacco is produced to be marketed in the marketing year for which the quota is effective—

And so forth.

The amendment to the amendment was agreed to.

Mr. PEPPER. I ask now that another amendment which I have sent to the desk may be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, in the committee amendment, it is proposed to strike out lines 13 to 18, inclusive, as follows:

(1) 2,400 pounds or (2) the average tobacco production for the farm during the preceding 3 years, not exceeding the normal production of the average of the base acreages or goals for tobacco established for the farm under agricultural adjustment and conservation programs during any of such preceding 3 years.

And insert in lieu thereof the following:

(1) 3,200 pounds, in the case of flue-cured tobacco, and 2,400 pounds, in the case of other kinds of tobacco, or (2) the average tobacco production for the farm during the preceding 3 years adjusted upward, if necessary, so as to equal the normal production of the highest tobacco acreage grown on the farm in such years plus any tobacco acreage diverted under agricultural adjustment and conservation programs during any such preceding 3 years.

Mr. PEPPER. Mr. President, the purpose of the amendment is merely to raise the minimum which any small farmer can have as his quota up to 3,200 pounds, which is the equivalent of about 4 acres of production, instead of 2,400 pounds, as is provided in the written bill. As I have said, these amendments are approved by the Department.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the committee amendment.

The amendment as amended was agreed to.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was on page 44, after line 18, where the committee proposed to insert the following:

(c) The Secretary shall provide, through local committees of farmers, for the allotment of not in excess of 3 percent of the national marketing quota apportioned to any State to farms in such State on which for the first time in 10 years tobacco is produced to be marketed in the year for which the quota is effective on the basis of the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That farm marketing quotas established pursuant to this subsection shall not exceed 75 percent of the farm marketing quotas established pursuant to subsection (b) of this section for farms which are similar with respect to the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco.

Mr. PEPPER. Mr. President, I offer an amendment on line 20, page 44.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Florida to the committee amendment.

The CHIEF CLERK. On page 44, line 20, it is proposed to strike out the figure "3" and insert in lieu thereof the figure "5."

Mr. PEPPER. Mr. President, the only effect of this would be to increase the national quota which is available for allocation to 5 percent, instead of having it 3 percent.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Florida.

The CHIEF CLERK. On page 44, lines 21 and 22, it is proposed to strike out the words "apportioned to any State to farms in such State" and to insert in lieu thereof "(1) to farms in any State whether it has a State quota or not."

Mr. PEPPER. Mr. President, the effect of the amendment would be to make possible the allocation of 5 percent of the whole national quota to new producers wherever they may happen to be.

Mr. BARKLEY. Mr. President, instead of allotting them 3 percent, as is provided, the Senator would allot the new producers 5 percent of the total quota for the whole United States?

Mr. PEPPER. That is correct.

Mr. BARKLEY. Regardless of how much or how little they have heretofore produced or may hereafter produce?

Mr. PEPPER. That is correct.

Mr. BARKLEY. Would not that possibly be out of all proportion to the amount that would be produced by the new producers?

Mr. PEPPER. Mr. President, the bill as written provided that 5 percent of the quota apportioned to any State could be apportioned in that State to new producers. The effect of that would practically limit new producers to the States which had already been growing tobacco for a long time unless a change were made in the law.

The principle embodied in the amendment is that 5 percent of the whole national quota is to be available to the Secretary for apportionment to new producers, whether they happen to be in a State which has been growing tobacco or happen to be in another State. The way in which the Secretary shall make the apportionment is, of course, entirely within his discretion.

Mr. BARKLEY. Are the new producers all to be within one State?

Mr. PEPPER. Just the contrary. The language of the amendment is "in any State, whether it has a State quota or not."

Mr. ELLENDER. It is to take the tobacco-producing area as a whole?

Mr. PEPPER. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Florida.



The CHIEF CLERK. On page 44, line 23, it is proposed to strike out "ten" and insert in lieu thereof "five."

Mr. PEPPER. This is consistent with the other amendment made on line 10.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Florida.

The CHIEF CLERK. On page 44, line 24, after the word "effective", it is proposed to insert "(2) for further increase of allotments made to small farms pursuant to the proviso in subsection (b) of this section."

Mr. PEPPER. Mr. President, this simply carries out the amendment made on line 22.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Florida.

The CHIEF CLERK. On page 45, line 4, after the word "subsection", it is proposed to insert the words "for farms on which tobacco is produced for the first time in 5 years."

Mr. PEPPER. Mr. President, this merely carries out the amendment made in line 10. I ask for the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

The next amendment of the committee was, on page 45, after line 9, to insert the following:

(d) Farm marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

Mr. BAILEY. Mr. President, I send forward an amendment and ask to have it read.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from North Carolina.

The CHIEF CLERK. On page 45, after line 12, it is proposed to insert the following:

(e) In making allotments hereunder with respect to bright tobacco the officers administering this act shall not reduce the quota of a farmer living on his farm and deriving his livelihood therefrom more than 10 percent of his 10-year average if such average is 15,000 pounds or less, and if his 10-year average is 10,000 pounds or less his quota shall not be reduced more than 5 percent, provided in either case such farmer shall comply with the soil-conservation policy.

Mr. BAILEY. Mr. President, this is an effort to provide a reasonable cushion for the smaller farmers. It relates to farmers whose average production in a 10-year period in the first case is 15,000 pounds, in the second case 10,000 pounds. It would prohibit the Secretary of Agriculture, or other authorities making quotas, from cutting the quotas of those farmers, because they are small farmers, by more than 5 and 10 percent, respectively.

Mr. President, I think the amendments are equitable, they are considerate, and they are necessary. I believe them to be within the general intent of the proposed legislation. We wish to help all the farmers, to be sure, but we wish first of all to help the smaller farmers. One of the great concerns of the Congress has been the small farmers, and especially the tenant farmers. The amendment would prevent that class of farmers from suffering from large reductions in their quotas.

It may be considered that it might give them a better chance than the big farmer would have. The big farmer might be cut 25 percent, but it is not right to make any horizontal cut in the farmer's output or production without regard to his condition. The big farmer can stand a big cut; the tobacco raiser with a production of 50,000 pounds can stand a big cut; but the man with a production of only

10,000 pounds cannot stand a 25-percent reduction, he cannot stand a reduction of the 20 percent contemplated.

Mr. President, the figures are very simple. Ten thousand pounds of tobacco today at 26 cents a pound amounts to \$2,600. If it cost the farmer half that to produce the tobacco, it would mean his income would be only \$1,300. It is not right to cut that man 25 percent. I have fixed a limit so that it cannot be done. It might be right to cut the fellow with a production of fifty or sixty or seventy or one hundred thousand pounds.

I do not know that there was any subject of complaint in North Carolina more acute under the operations of the A. A. A. than as to this matter. The general impression was good, I agree. People became attached to it in great numbers, but the little fellows, who were voiceless, never have been heard except as they got an occasion here and there, and I am going to tell a story to the Senate as to the reason why I am offering this amendment.

I was on the way to make a speech in defense of the Democratic administration, going to Pittsboro, in Chatham County, during the campaign. A ragged man met me on the street with some papers in his hand and asked me if I was to be the speaker that day. I said I was to be. He said, "You are Senator BAILEY?" I said, "Yes." He said, "Look at these papers." I looked at them and said, "It appears to me that they have taxed you \$12 on your cotton. Am I right?" He said, "Yes." I said, "How much cotton did you produce?" He said, "Two bales." I said, "The tax is \$12?" He said, "Mr. BAILEY, they have taken \$12 from me, when my whole crop did not bring me a hundred dollars. I do not understand it. Will you explain it?" I said, "I cannot explain it. It is wrong. Come on down to the courthouse with me and I will give a pledge that I will never vote for legislation that will permit that to be done."

Mr. President, I ask the Senate to vote in good faith to prevent the little farmer being ground to powder by some horizontal order issued by some irresponsible bureau. I ask that the amendment be agreed to.

Mr. ELLENDER. Mr. President, if this amendment should be adopted it would of course affect the method of allocation now provided in the bill, and there are so many farmers coming within the class affected by the amendment that it would be impossible for a marketing quota to be dealt with adequately.

Actually if all growers entitled to the proposed exemption should market such an amount of tobacco, the present production would be increased several times. For example, in the case of flue-cured tobacco there are about 150,000 farms. This figure times 15,000 pounds would mean 2,250,000,000 pounds production, when present estimated world consumption is only 700,000,000 pounds.

The method of allocation as provided in the bill is just, as I see it, in that it exempts small growers from adjustment below their normal production; that is, any producer of flue-cured tobacco who grows 3,200 pounds or less and any producer of other kinds of tobacco who grows 2,400 pounds or less can continue to grow his normal amount without adjustment downward, and the quota for any such grower would be the highest amount of tobacco produced by him in any of the 3 years prior to the year in which the quota becomes effective. Also, any grower producing slightly more than 3,200 pounds of flue-cured tobacco or 2,400 pounds of other kinds of tobacco would not have his quota adjusted lower than 3,200 or 2,400 pounds, as the case may be. In effect, small growers can continue to produce tobacco as usual without adjustment because of marketing quotas. I personally cannot see how the method of allocation could be dealt with better.

Here we have a formula by which to go, and if it is followed the Secretary can better establish the quota and more justly allocate it among all the tobacco growers in proportion to their past production and ability to carry the burden of any adjustment downward.

As I have said, and I repeat, if the amendment should be adopted, it would absolutely throw the entire tobacco section of the bill out of balance.



Mr. BARKLEY. Mr. President, I dislike very much to disagree with my friend the Senator from North Carolina with respect to this amendment, but I do feel somewhat like the Senator from Louisiana that this will upset the question of allotments and curtailments to such an extent perhaps as to make the program ineffective. It does not apply to dark tobaccos, of course, and applies only to bright tobaccos. I happen to know more about the dark than the bright, because the section of Kentucky where I live produces dark fired and dark air-cured tobacco.

I think it would be true that if this amendment were adopted it would eliminate a large number of growers of tobacco who produce less than 15,000 pounds on their individual farms, and even less than 10,000 pounds on their farms, from any regulation or curtailment whatever. They would be lifted by the amendment out of this program.

Mr. President, we have had a great deal of experience in Kentucky in the effort to organize tobacco growers for marketing purposes, and also for curtailment purposes; and many of the troubles that grew out of our efforts to organize tobacco growers resulted from the fact that about 25 percent of the tobacco growers would remain outside of the organization, refusing to cooperate with their neighbors, taking onto themselves no responsibility and no burdens, but at the same time expecting to reap a higher price because of the burdens taken on by the other 75 percent who were willing to organize and to curtail their crop, and to hold back the tobacco from the market until it could be fed to the market as it might be needed.

Because of that unfortunate experience and the feeling frequently engendered among those willing to cooperate against those who were not willing to cooperate, I think I can truthfully state that without exception all the letters and telegrams I have received from the farmers in Kentucky on the subject of tobacco are in favor of the most effective law that can be enacted to bring about control of production. They feel that whatever law is passed and whatever curtailment is inaugurated, whatever program is intended to adjust production to consumption, should be made applicable to all farmers alike. If those who produce less than 15,000 pounds are exempted, that would mean, I should say, on the average at least a maximum of 15 acres, because a thousand pounds to the acre is a very good average for a farm producing tobacco. In certain sections the average is 800 pounds per acre. So when we have exempted 15,000 pounds we have practically exempted 15 acres of tobacco-producing land from the operations of this measure.

Mr. BAILEY. Mr. President, I do not have the opportunity to make a second speech, so I shall have to interrupt the Senator and ask him to yield.

Mr. BARKLEY. I gladly yield.

Mr. BAILEY. I am not proposing to exempt them. I am simply proposing to fix the limit below which the Department officials cannot go. I ask that the Senator not argue to the Senate, when I have no chance to come back and reply, that I am arguing for exemption.

Mr. BARKLEY. The Senator's amendment prohibits the Secretary of Agriculture from making an exemption below a certain point.

Mr. BAILEY. The amendment provides—

(e) In making allotments hereunder with respect to bright tobacco, the officers administering this act shall not reduce the quota of a farmer living on his farm and deriving his livelihood therefrom more than 10 percent of his 10-year average, if such average is 15,000 pounds or less; and if his 10-year average is 10,000 pounds or less his quota shall not be reduced more than 5-percent, provided in either case such farmer shall comply with the soil-conservation policy.

Mr. BARKLEY. It does make the distinction, however, by authorizing the Secretary to make an unlimited curtailment when the farmer produces more than 15,000 pounds, and a limited curtailment when he produces less than 15,000 pounds down to 10,000 pounds, and then a still more limited curtailment below 10,000 pounds. The point I am making is that these restrictions apply in various sections of the

country to the majority of the farmers who produce tobacco, because it is above the average, in my section of the country at least, for any one farmer to produce more than 15,000 pounds of tobacco. That represents practically 15 acres of the best tobacco-growing land in the country.

The Senator from Texas, I believe, asked me to yield to him.

Mr. CONNALLY. Mr. President, the Senator refers to 15,000 pounds. Is that the cured weight?

Mr. BARKLEY. Yes; that is the cured weight. That is the way the tobacco is marketed. It excludes all stalks and everything except the leaf itself.

Mr. BAILEY. Mr. President, will the Senator yield to me for a question?

Mr. BARKLEY. I yield.

Mr. BAILEY. The Senator has taken the position that if a man has a thousand acres, and produces 100,000 pounds, there should be the same reduction upon him under the Federal power that there is upon the little fellow who is just making a living and is living on his land. That is the position the Senator has taken.

Mr. BARKLEY. No; I think if this tobacco program is to be effective, just as I think if it is to be effective in the case of cotton, corn, and wheat, it must apply to all of them alike. An exemption of 3,200 pounds has been made in one case and 2,400 pounds in another.

Mr. BAILEY. Mr. President, I do not want to interrupt the Senator, but I have no right to speak further on this matter, so I must ask the Senator to yield. I should like to have the facts presented.

Mr. BARKLEY. The Senator does not have to apologize for asking me to yield to him. I yield.

Mr. BAILEY. There is no exemption of 3,200 pounds. The Senator is wrong about that.

Mr. BARKLEY. The Senators from Florida offered an amendment which applied to flue-cured tobacco.

Mr. BAILEY. There is an exemption of 3,200 pounds only on condition that that amount had been previously produced. If the farmer had produced less, the exemption is less. Let us have the picture as it is.

Mr. BARKLEY. I am not quibbling as to the number of pounds.

Mr. BAILEY. That is not a quibble.

Mr. BARKLEY. The point I make is that unless this program applies to all alike, or practically alike, then it is ineffective. Then we might as well not have any legislation on the subject.

I know how easy it is to argue on behalf of the man who produces 5,000 or 10,000 pounds of tobacco. I am familiar with that sort of producer. I was raised on a tobacco farm, and my father grew tobacco until he died, 4 or 5 years ago, at the age of 78; and he raised a crop of tobacco the last year of his life. I know something about the small tobacco growers, because I was raised among them. I understand their problems. I am just as much interested in bringing about a program that will increase their price per pound as they are interested in being permitted to produce 11,000 pounds instead of 10,000 pounds without any restriction being imposed by the Secretary of Agriculture.

For that reason, in order to make this program effective and apply as nearly equitably as possible, I am constrained to express the hope that my friend's amendment will not be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Carolina [Mr. BAILEY] on page 45, after line 12.

Mr. BAILEY. On that question I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the name of Mr. ADAMS.

Mr. BARKLEY. Mr. President, no Senator has yet answered. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.



The Chief Clerk called the roll and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	Overton
Andrews	Davis	King	Pepper
Ashurst	Dieterich	La Follette	Pittman
Austin	Donahay	Lee	Pope
Bailey	Duffy	Lewis	Radcliffe
Bankhead	Ellender	Lodge	Reynolds
Barkley	Frazier	Logan	Russell
Berry	George	Loneragan	Schwartz
Bilbo	Gerry	Lundeen	Schwellenbach
Borah	Gibson	McAdoo	Sheppard
Bridges	Gillette	McCarran	Shipstead
Brown, Mich.	Glass	McGill	Smith
Brown, N. H.	Graves	McKellar	Stelwer
Bulkley	Green	McNary	Thomas, Okla.
Bulow	Guffey	Maloney	Thomas, Utah
Burke	Hale	Miller	Townsend
Byrd	Harrison	Minton	Truman
Byrnes	Hatch	Moore	Tydings
Capper	Hayden	Murray	Vandenberg
Caraway	Herring	Neely	Van Nuys
Chavez	Hitchcock	Norris	Wagner
Clark	Holt	Nye	Walsh
Connally	Johnson, Calif.	O'Mahoney	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present.

Mr. REYNOLDS. Mr. President, naturally I was exceedingly interested in what my colleague the senior Senator from North Carolina [Mr. BAILEY] had to say to the Members of this body in regard to that all-important subject—the production of tobacco. I am naturally interested in that subject because, as the Presiding Officer probably knows, North Carolina not only produces more tobacco than any other State in the Union, but it produces the best tobacco in the world.

Mr. President, North Carolina is exceedingly important in that respect, and I know has the envy of the able Senators from the great State of Kentucky. We are exceedingly fortunate, and we are indebted to the prosperity that has been brought to this country by our great President, and we farmers of North Carolina are keen in our recognition of that fact, because this year our tobacco in North Carolina produced for the fortunate, prosperous tobacco farmers of eastern and western North Carolina, an average of 26 cents a pound.

As a consequence thereof I am very happy to be afforded the opportunity of saying that our tobacco farmers of North Carolina are today experiencing a large degree of prosperity, which I hope will continue for many, many years.

As to the amendment which has been proposed here this afternoon by my able and distinguished associate the senior Senator from North Carolina [Mr. BAILEY] I see no reason why we should not adopt that amendment. It certainly is not contrary to the spirit of the interests of the Members of the lower House of Congress, who likewise have interested themselves in the tobacco farmers and other producers of American agricultural products.

My colleague, as he has plainly told you—and as are you, for that matter—is interested in the little man of this country; and such an interest I found evidenced earlier in the day by my distinguished colleague the junior Senator from the great State of Oklahoma [Mr. LEE], when he was speaking on behalf of the small cotton producers of America. We are all now, and more so than ever, interested in the little man, because the little men have the votes; and the closer we come to the primaries of June 1938 the more intensely interested will we become and continue to be interested in the little man. [Laughter.]

So far as I am concerned, I have always been interested in the little men. Before I could vote I was interested in the little men, because I did not know the big men. I was interested in the little men before I was able to vote, because before I voted for the first time I expected to enter politics, and I thought I ought to get my road set so that I should not experience any difficulty after I entered the political arena.

By the way, let me digress to remark that I do not believe I have ever seen so many Members of the United States Senate present at one time as are now present, all of which goes to prove that truly they recognize the fact that

we are to have an election about 6 months from now, and that the boys back home are watching to see who is here looking after their interests. [Laughter.]

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Washington?

Mr. REYNOLDS. I am always happy to yield to my distinguished colleague from the great State of Washington, who extended to me such generous hospitality when I was his guest in the city of flowers—Seattle, Wash.—in October.

Mr. SCHWELLENBACH. Let me ask the Senator if it has not occurred to him during the past few minutes, as he looked about the Chamber and noticed the large attendance here, that probably it was because of the desire upon the part of the Members of this body to listen to the Senator from North Carolina. [Laughter.]

Mr. REYNOLDS. I thank the Senator for asking that question, which I suggested that he ask [laughter], because I knew I was going to speak this afternoon, and I wanted all the Senators here. I therefore consider it a high tribute and want my fellow Members to know that I am deeply grateful for the attention they give me at this hour, at which time, of course, they all know that I am not speaking to them; I am speaking to the people back in North Carolina, because I myself come up for renomination next June. [Laughter.]

Mr. President, in all seriousness, I think we should support the amendment which has been offered by my colleague, the senior Senator from my State, because his amendment looks to the interest of the small producer of tobacco in the tobacco-producing States of this Union of ours. As a matter of fact, it calls for a small reduction of the average over a period of 10 years in cases in which the producer has grown less than 15,000 pounds annually. It calls for a small reduction of the average over a period of 10 years in cases in which the production has not exceeded 10,000 pounds annually. In employing the figures 10,000 and 15,000 pounds, I desire, if possible, in my simple way to drive home to the Members of this body this afternoon just what that means, how far that goes in the consideration of the situation of the small farmer.

The average farmer, if he is attentive upon his fields, will probably produce a thousand pounds of tobacco to the acre. I am going to use North Carolina as an illustration, because I am very unhappy to be forced to state that my State, unfortunately, uses a great deal of fertilizer. That is attributable to the fact that the soil of North Carolina has been cultivated for several hundred years; but that is not a strange statement to the ears of these gentlemen, because they all know that civilization in this country began in North Carolina.

Mr. ANDREWS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Florida?

Mr. REYNOLDS. I shall be happy to yield to my friend from the great State of Florida.

Mr. ANDREWS. I desire to know whether the amendment in behalf of which the Senator from North Carolina is speaking limits the amount of chewing tobacco that a person may have. [Laughter.]

Mr. REYNOLDS. The amount of chewing tobacco that one may chew is entirely dependent upon the amount of saliva that one can produce. [Laughter.]

Mr. President, I say that in North Carolina unfortunately we have to use a great deal of fertilizer. As a matter of fact, some of you will be astonished to know that in North Carolina we utilize more fertilizer than in any other State in the Union. That is not to be boasted about. As a matter of fact, I deplore it; but we cannot help it. We have been tilling the soil down there for hundreds of years, whereas some other parts of the United States are just beginning to destroy their virgin forests.

North Carolina will produce, we will say, an average of 1,000 pounds of tobacco to the acre. The man who cultivates 10 acres has 10,000 pounds of tobacco. That figure was used



in the amendment which my distinguished colleague has just offered. During the past year we secured in the great warehouses of North Carolina an average price of 26 cents a pound. Therefore, the farmer producing 10,000 pounds of tobacco earned for himself a gross income of \$2,600. Half of that \$2,600, or \$1,300, he must spend for the production of that tobacco, which leaves him at this juncture of my argument, \$1,300, which is only a few dollars over \$100 per month, spread over the year of 12 months.

That does not take into consideration the fact that upon the farmer's land he must pay taxes. That does not take into consideration the fact that he has an initial investment there in the form of money paid for the land of which he is the possessor, and upon which he resides with his family. So if we deduct from that \$1,300 the interest upon his original investment, and the annual amount of taxes that he must necessarily pay to be able to bear his proportion of the cost of administration of his local political government, we find that man winding up with only \$100 a month.

The PRESIDING OFFICER. The time of the Senator from North Carolina on the amendment has expired.

Mr. REYNOLDS. I will now speak on the bill.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the Senator from North Carolina may proceed at his pleasure, and speak as long as he desires.

The PRESIDING OFFICER. Is there objection?

Mr. BARKLEY. Mr. President, in order that we may proceed in an orderly fashion, I am compelled to object to that request. The Senator from North Carolina has 30 minutes on the bill which he may use. Other Senators have been required to observe the rule and if we start out to make an exception in this case we shall have to do it in others.

Mr. CONNALLY. Other Senators have not spoken so entertainingly nor so infrequently as has the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina has 30 minutes on the bill.

Mr. REYNOLDS. I am very grateful to the Senator from the Lone Star State of Texas for the suggestion he made, because after I have exhausted my time upon the bill—the period of 30 minutes—if I find that I need more time I shall take additional time on the amendment of the Senator from Oklahoma [Mr. LEE], and if I find that that is not sufficiently long I shall then ask unanimous consent that my time be extended, and, if necessary, ask for a vote on the matter. [Laughter.] I thank the Senator from Texas.

Mr. CONNALLY. If the Senator can take all the time he desires, I will not press the matter. Many of us, however, are not from tobacco States, and we want information on tobacco; and I think the Senator has made the most interesting and aromatic contribution so far to that subject. [Laughter.]

Mr. REYNOLDS. I appreciate that statement immensely, particularly as coming from one whom I greatly admire.

Mr. CONNALLY. As I understand the Senator, he is going to stand by the small farmer even if it defeats him for renomination. [Laughter.]

Mr. REYNOLDS. Absolutely, absolutely; and, like the Senator from Texas, I do not care what the world says; regardless of the outcome we are against communism. [Laughter.]

Mr. President, I had arrived at the point in my argument where I had shown, I believe to the satisfaction of those present, that the small farmer of whom my colleague [Mr. BAILEY] spoke has left, after the liquidation of taxes and providing for himself a fair interest upon his original investment in his farm, \$100 a month. Out of that \$100 a month he has to provide for his children, send them to school, buy clothing, shoes, medicine, pay for the services of doctors, and all that sort of thing. I believe the amendment of my colleague should be adopted, because the little farmers of North Carolina and the other small producers of tobacco in the other tobacco-producing States of the Union should first be taken care of; and if we take care of them by means of

the language employed in the amendment offered by the senior Senator from North Carolina, I do not believe anyone could possibly raise an objection, because the man who is producing annually ten or fifteen thousand pounds of tobacco, even at the fine average price of 26 cents a pound, at the end of the year has left only \$1,200 with which to liquidate every single obligation he has incurred during the year.

Mr. President, so much for tobacco. In view of the fact that I stated that I should take additional time upon the bill as a whole, and since the probabilities are that I shall not again have the opportunity to address myself to this body, I wish to talk about another matter that is of great interest to North Carolina. The other matter is of secondary importance to that of tobacco. I may mention incidentally in connection with tobacco, before leaving that subject, that North Carolina is about the second or third largest contributor to the Federal Treasury of the United States, paying some two hundred and seventy-five or three hundred million dollars annually into the Treasury, attributable to the tobacco industry.

As I stated a moment ago, I desire now to address myself to this body in reference to cotton. When I mention the subject of cotton I recognize the fact that I am not talking only to the farmers of North Carolina, where we produce cotton, where we produce more cotton per acre than is produced in any other State in the Union, although the State of Texas produces one-fourth of the cotton that is annually produced in this country.

Mr. McADOO. Mr. President—

Mr. REYNOLDS. I yield to my able friend from California.

Mr. McADOO. I only wish to correct an error on the part of the Senator. I may tell him that California raises 530 pounds to the acre, and I do not believe North Carolina reaches that production.

Mr. REYNOLDS. Our average is 534 pounds to the acre, according to my information. [Laughter.] I am going to come to the State so ably represented by my beloved friend, the junior Senator from California. I am going to make some personal references to some observations I made there month before last.

Coming back to cotton, the farmers of North Carolina are not the only ones interested, but the farmers of our sister States of South Carolina, Tennessee, Alabama, northern Florida, Mississippi, Arkansas, Louisiana, Texas, southern Utah, Arizona, New Mexico, California, and Oklahoma, are interested in the subject of cotton. There is no subject confronting the public of the cotton-producing States of the South, Southwest, and extreme West that is of the importance that is cotton. I shall have no difficulty in establishing the truth of that statement in the minds of those representatives of the cotton-producing States of America.

My distinguished colleague from Oklahoma [Mr. LEE] this morning stated that the amount of cotton shipped into this country from other countries of the world increased 100 percent in 1936 over 1935. The Senator from Oklahoma also stated—

Mr. BANKHEAD. Mr. President—

Mr. REYNOLDS. Pardon me just a moment. The Senator from Oklahoma also stated that although the world's consumption of cotton in the past year had increased 5,000,000 bales, the exports of the United States had decreased 2,000,000 bales.

Mr. LEE. Mr. President, will the Senator yield in order that I may give him the exact figures?

Mr. REYNOLDS. I yield for that purpose.

Mr. LEE. I said our loss in exports was over 2,000,000 bales since 1933-34.

Mr. REYNOLDS. And the world consumption has increased 5,000,000 bales?

Mr. LEE. That is correct. In 1933-34 we exported 8,366,000 bales and in 1936-37 we exported only 5,722,000 bales.



Let me correct the Senator as to the import of cotton. My statement was that the increase of imported cotton for 1936-37 was 100 percent over the year before. The year before the import of cotton was 146,000 bales and in 1936-37 the importation was 266,000 bales. In 1934-35 the importation was only 116,000 bales.

Mr. REYNOLDS. I thank the Senator from Oklahoma. I am now delighted to yield to the senior Senator from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. I inquire if the Senator understood that the cotton importations were practically all long staple inch-and-a-half Egyptian cotton that is not produced in this country?

Mr. BAILEY. That is my understanding from inquiries I have made.

Mr. LEE. Mr. President, last year we imported 100 percent more of long-staple cotton than the year before. That is in competition with our cotton, no matter what the length of it may be.

Mr. REYNOLDS. I thank both Senators.

Mr. President, I say the subject of cotton is of more vital interest to the representatives of the cotton-producing States than any other subject before their respective constituents today—and why? One of the members of this body this morning stated that after the cotton leaves the farmer some 5,000,000 men in this country are directly involved in the various processes through which it passes.

Mr. LEE. Three million.

Mr. REYNOLDS. Very well; three million. In that connection I wish to state that I believe the statistics will show that throughout the 11 or 12 cotton-producing States of the United States, 10,000,000 people are employed either directly or indirectly, whole time or part time, in the handling of cotton from the soil to the finished product upon the backs of mankind. When 10,000,000 people are directly affected by one agricultural product, limited in its production to 12 States of the Union, that product becomes a subject materially important to all the millions residing within those 12 States.

I am greatly interested in the subject. Cotton is referred to as the billion-dollar crop of America. At one time we had what we might call a monopoly of world production of cotton. But times have changed, not only in the production of cotton, but in the manufacture of cotton into finished goods. There are some who would dare to tell us that the textile plants of this country are running only 2 or 3 days a week on account of this administration, when we know that cannot be true. Neither the President of this country nor any of those associated with him in the administration of the affairs of the Government had anything to do with the situation which arose in the world affairs of the textile industry.

What do I mean by that? I mean simply that it was only a few years ago that Great Britain, with her 40,000,000 or 50,000,000 people residing in the British Isles, had centered there the textiles of the world. It was only a few years ago, comparatively speaking, that there were more spindles upon the isles of Great Britain than in any other concentrated point upon the face of the earth.

Is that true today? Not at all. Why? It is because times have changed. Times have changed in that respect since the year 1853, when Japan began her period of expansion. Times have changed since that day when we sent Admiral Perry with our Navy over to Japan with instructions to the effect that unless that hermit nation opened her gates of commerce to the world he should destroy them and force relations with them. Within a few years we found Japan, possessing about 65,000,000 people, competing with the great textile-producing nations of the earth. The result is that she became so powerful in the manufacture of textiles, finishing the raw products of cotton, and her competition was so thoroughly keen with Great Britain that Great Britain had to dismantle her great textile plants in the British Isles, in Birmingham, Lancaster, and perhaps 20 other cities, and send the spindles to Bombay, Calcutta, and other points in

India. That was because India produced the raw material and because England's greatest market for the finished cotton products was to be found in India, which has a population of 375,000,000 people.

We of the South and of the Southwest and of the great West are confronted with a very serious problem, because the time will come—and it is almost here—when we cannot compete with the other cotton-producing countries of the world. We might as well face the issue now and prepare for the day when it shall arrive, when our farmers who have been producing cotton will have to limit their acreage and produce only for American consumption, produce only for the consumption of the 130,000,000 people of this country. That statement I can prove. How am I going to do it? It is simple. All I have to do is recite facts.

Who are our competitors in cotton? Russia. Russia is three times the size of the United States. Russia has a population of 178,000,000. Those who have visited Russia know as well as I do that Russia has available in that vast territory, a territory covering one-sixth of the surface of the earth, twice as much land adaptable to the production of cotton as we have in the United States. Labor in Russia is many times cheaper than labor can be procured for in the United States.

Who else is competing with us in the world market for cotton? China. China has a population of 500,000,000 souls. Some of the best soil on the face of the earth for the production of cotton is to be found in China. Japan knows that, and that is why she has confiscated by the sword so much of Chinese territory.

Who else is competing with us in the cotton market? India, with a population of 375,000,000 people, is producing cotton and sending her products annually into this country. I remember when I was last in Singapore, with other Members of this body, note was taken of the fact that hundreds of bales of Indian cotton were being placed aboard ships there for export into the United States in competition with the product of the American cotton producers.

Who else is competing with the American producer of cotton? Egypt! Mention was made a moment ago by my distinguished friend and colleague from Alabama [Mr. BANKHEAD] in answer to an inquiry directed to the Senator from Oklahoma [Mr. LEE], that Egypt produces long-staple cotton. Nevertheless, Egypt is one of our competitors.

Who else is competing with the American producers of cotton? Brazil. Where is Brazil? We had better find out right now, because we are going to know where she is in the next 10 years, and cotton farmers of North Carolina and the United States will know where she is. Brazil is one-third larger than the United States. There is not a square mile of territory in the Republic of Brazil, a Portuguese republic, that is not capable of producing cotton. I flew over thousands of miles of Brazilian territory last year. I was making some observations because I am interested in my constituents in North Carolina who produce cotton. Brazil has a population of only 55,000,000 people. She is one-third larger than the United States in territory. Land can be cleared there and prepared for the production of cotton at a cost of \$10 an acre, when it would cost at least \$50 in North Carolina. In Brazil, cotton can be produced for 5 or 6 cents a pound and a profit thereupon can be made satisfactory to the Brazilian people.

How are we to produce cotton in this country in competition with Brazilian cotton? It is well enough to talk about the fine cotton we produce, it is all well enough to talk about the long-staple cotton of California, but we must remember that science is advancing daily, hourly, and that the great textile plants and inventions have advanced to that point where the length of the staple has nothing to do with the value of the cotton, and the short staple is just as good as the long staple. Those are facts which we have to confront.

Mr. President, to what is that attributable? It is attributable to the fact that nearly all the countries of the world are going into cotton raising. Incidentally, there are 52 countries upon the face of the earth producing cotton in competition with us. Right at our back door there are 22



republics in the Western Hemisphere which are producing cotton in competition with that which we are producing in this country—Mexico, and the countries constituting Central America, and those constituting South America, from the Canal Zone to the pampas of the Argentine, Haiti, and the Dominican Republic, of the West Indies, as well as innumerable islands which are governed by the British and the French, as well as those possessed by us.

Mr. President, they can produce that cotton cheaper than we can for the reason that labor there is cheaper. Not only will those 52 countries, within a few years, come into the production of cotton in competition with our States in this Union, but the planting of cotton is being increased everywhere, as evidenced by a statement made today by the junior Senator from the State of Oklahoma [Mr. LEE], when I believe he referred to a report to the effect that so many thousand pounds of cottonseed had been ordered by the Italian Government for planting in Ethiopia, or Abyssinia.

Mr. Mussolini is interested in procuring cotton from markets other than the American cotton. Mr. Mussolini, the dictator of Italy, believes that 15,000,000 blacks of Abyssinia should lay the tongue of the plow into thousands upon thousands of acres in that great territory capable of producing cotton, and they are buying seed of American cotton because it is the best in the world.

Unfortunately, the small cotton planters of North Carolina and South Carolina and Georgia and portions of Arkansas and Alabama are going to be harder hit than those of any other State in the Union, even when we come to the point of producing cotton only for home consumption, because we are never standing still, because we are always advancing, and we are now advancing in respect to the picking of cotton.

For 15 years many manufacturers of harvesting machinery in this country have been devoting their time and their millions to the perfection of the cotton-picking machine. I am interested in that, because I recognize the fact that when at last a cotton-picking machine is perfected it will lay idle millions of hands, both black and white, hands which have been engaged in the picking of cotton in the fields. So, being interested in the farmers of my State of North Carolina, whom I am endeavoring to represent in my humble way, I began to investigate this cotton-picking subject. I went to Chicago. I talked with Mr. McAllister, the president of the International Harvester Co. I talked with him at great length only a month ago. I learned from Mr. McAllister, the president of the greatest company manufacturing farm machinery in the world, that they have actually perfected a cotton-picking machine, and today, down in the State of Mississippi, which has been so ably represented by my friend the senior Senator from Mississippi [Mr. HARRISON] for many, many years, the International Harvester Co. have three different machines mechanically picking cotton.

Mr. President, two men engaged in the operation of a cotton-picking machine will pick as much cotton with that machine in 1 day as 50 cotton pickers can pick in the cotton fields in a day with their hands. At the present time those mechanical cotton pickers will function properly only upon land that is level, I am informed. Cotton-producing sections of North Carolina principally—most certainly those of the western Piedmont section—are hilly, and those cotton pickers could not well be brought into utilization, so to speak, in that section of our State. The same condition of terrain, of the lay of the land, is to be found in portions of Alabama and in the sister States of Tennessee, South Carolina, and Georgia. So, when the time arrives when the cotton picker shall be mechanically perfected, it will be placed in use in those States of the Union where cotton is planted upon practically level ground, such as Louisiana, such as the great State of Texas, the plain lands of Arizona and New Mexico, and the fertile fields of California.

If I may speak enviously, I say very frankly that we of North Carolina could not very well, from the standpoint of self-preservation, relish the advent of the cotton picker, be-

cause it will not be peculiarly adapted to North Carolina. Our plantations are small. We have a great many small farms, and such machines will be adaptable peculiarly to such great Commonwealths as the great State of California, where for hundreds of miles one observes the magnificent cotton fields, such as were mentioned a moment ago by the junior Senator from California [Mr. McAdoo].

Mr. President, this reminds me that when I was in California not so long ago I had the very great pleasure of greeting in the Palace Hotel there my friend, and the friend of the American people, the Honorable TOM CONNALLY, of the Lone Star State of Texas. He had just returned from the Hawaiian Islands, where he was endeavoring to ascertain as to whether the people of those islands and possessions were entitled to the benefit of statehood. I had just returned from Los Angeles by way of a motor trip, at which time I motored over the broad expanses of that magnificent land in California, where I made observations of thousands upon thousands of acres utilized expressly for the purpose of producing the long-staple cotton, and every 20 or 25 miles I observed, as I sped along the velvety and newly constructed highways of that great State, that unfortunately there were placards, "Wanted, cotton pickers," advertisements everywhere for people to pick the cotton.

The PRESIDING OFFICER. The time of the Senator upon the bill has expired.

Mr. REYNOLDS. I will take a little time on the substitute of the Senator from Oklahoma [Mr. LEE].

The PRESIDING OFFICER. The substitute has not yet been submitted.

Mr. REYNOLDS. I thank the gentlemen of the Senate for their very unusual attention, and I wish to assure them of my gratitude at their interest in the subject of cotton, which is of vital interest to the people of North Carolina.

Mr. SMITH. Mr. President, I do not care to make a speech, but I wish to call attention to my conception of the pending amendment. I think it is preeminently one of the most just amendments offered while the pending bill has been under consideration.

The practical fact is that in my State there is at least one farmer I know of growing in the neighborhood of 13,000 acres of tobacco, and several growing two, or three, or four hundred acres, but the vast majority grow considerably less, and the real number who need the assistance contemplated is composed of those men who have barns, but they are of hardly any use to them unless they can produce the amount exempted by the amendment.

The question before us is, Shall we, as careful legislators, cut the man who makes 10,000 pounds the same as the man who plants 13,000 acres, or the man who plants 200 acres? The amendment provides that, in accordance with the practice followed in the case of the income-tax law, we shall take cognizance of the fact that personal income should determine the extent to which we will exact a tax for the Government.

The man who makes up to 15,000 pounds is to be cut 10 percent. The man who makes any of the graduated amounts less than 10,000 is to be cut 5 percent, and it is proposed that we restrict the little fellow whose whole cash crop is tobacco, because of the fact that he cannot buy these large farms, to a mere subsistence. He will be cut just as ruthlessly as is the man with a thousand acres.

Mr. President, I had not intended to discuss any of these schedules, for reasons satisfactory to myself. Among them was the inability of the committee of which I have the honor to be chairman to find the time to frame a permanent farm measure.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. SMITH. I yield.

Mr. BARKLEY. I have already made a few remarks on the amendment, and I should like to get certain information in the Senator's time, if he will yield for that purpose.

Mr. SMITH. I yield.



Mr. BARKLEY. Personally I have no interest in what may happen to the amendment, but I should like to call attention to the fact that according to a table prepared by the Department of Agriculture, the number of farmers producing more than 10 and less than 19 acres of flue-cured tobacco was 68 percent. In the case of the fire-cured tobacco the percentage was 82 percent. Of course, the pending amendment applies to 15,000 pounds; but if we take an average of a thousand pounds to the acre, that would mean 15 acres, which, of course, would come between the 10 acres and the 19 acres.

As to the fired tobacco, the percentage is 82 percent. In the case of burley it is 93 percent. All the tobacco of the burley type is produced on farms containing between 10 and 19 acres. In the case of the dark-fired tobacco it is 92 percent.

Those percentages show that if the limitation carried in the amendment is to be placed on the amount of production, it will affect from 68 percent in the flue-cured area to 92 percent in the burley and dark-fired areas of the United States.

Mr. SMITH. Mr. President, I perhaps would not advocate the amendment of my colleague from North Carolina [Mr. BAILEY] if it were to exempt them; but the percentage has been cut down to 10 percent. Take 10 percent from 1,500 pounds and 150 pounds are deducted. Ten percent represents a deduction of 100 pounds from 1,000 pounds. I think that is a fair reduction, considering what is involved. In the case of flue-cured tobacco, according to the Senator from Kentucky, the percentage is 68 percent. I would rather leave that 68 percent with enough to make a reasonable living than to have the other 32 percent given an almost unlimited income.

I suppose the Senator could bring in a table showing that those having incomes of less than \$5,000 compose 90 percent of all those who have incomes. That did not deter us from putting the burden in the higher brackets and showing mercy to those who, unfortunately, were in the lower brackets.

I think the amounts of 10 percent and 5 percent prescribed in this amendment are just and fair.

Mr. President, I live in the heart of the best section in all the United States for growing what is known as bright-leaf flue-cured tobacco. There is one section there, about 10 miles long and 5 miles wide, which, by reason of some peculiarity in soil or otherwise, produces tobacco which would compete with the best Habana tobacco.

The only interest I have in this bill, or in any other bill affecting the farmers, is in equalizing the burden and giving a chance according to what a man has. I think the figures proposed in the amendment—10 percent cut, on a certain amount, and 5 percent on another amount—are in keeping with our sense of justice; and I hope the amendment will prevail.

Let me repeat: The Senator from Kentucky [Mr. BARKLEY] has said that 65 percent of the producers are in a certain category. Perhaps 90 percent of our income-tax payers are in the brackets below \$5,000; yet we provide that the percentage paid by them to the Government shall be based upon the size of their incomes.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BARKLEY. I appreciate the force of what the Senator says; but it seems to me there is no analogy between a high rate in the higher brackets of income-tax payers, and the reduction of the authority of the Secretary under a program of crop curtailment so far as tobacco is concerned with respect to from 68 to 92 percent of the product.

What we are trying to do here, it seems to me, is to make an effective program that will inure to the benefit of all the growers of tobacco as well as these other products. If we are going to place 68 percent of flue cured, 86 percent of open-air cured, and 92 percent of burley and dark fired in a different category, so that the program cannot operate as to them in the same way, I fear the Department of Agriculture will not be able to put into effect any program at all with respect to tobacco.

Mr. SMITH. Mr. President, we have sense enough to adapt our legislation to the benefit of the producer. The analogy as I have drawn it holds good between the incomes in the higher and lower brackets, because in the last analysis the income of the farmer is derived from his tobacco. If fire-cured and burley tobacco are in a different category from flue-cured tobacco, we ought adapt our legislation to take care of them; but because of mental inability or laziness we propose to make a general rule as to plowing without regard to whom the plowshare goes over.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BARKLEY. In regard to wheat, there was an exemption of 100 bushels, I believe. In regard to corn, there was an exemption of 300 bushels. So the curtailment program does not apply to the first 100 bushels of wheat and 300 bushels of corn. There is in the bill, as I read it, especially in the section which was previously adopted, a provision with reference to 3,200 pounds and 2,400 pounds, which is analogous to 100 bushels of wheat and 300 bushels of corn. Beyond that, in this amendment it is provided that the Secretary of Agriculture cannot bring about a reduction of more than 5 percent on any farm that produces as much as 10,000 pounds of tobacco, which is a big crop for the average small farmer, and the Secretary cannot reduce the crop more than 10 percent up to a 15,000-pound production, which is a whale of a crop to the average tobacco grower.

It seems to me we are running the risk of making our legislation ineffective if it is to be applied in its fullest force and effect to only about 30 percent and 20 percent and 10 percent of the crop.

Mr. SMITH. Mr. President, I wonder if any Senator on the floor knows the human drudgery and human manipulation of a crop of flue-cured tobacco. I wonder if anyone here does.

In the first place, the farmer has to fix a bed in January in which to plant the infinitesimal seed. He must cover it with frost-proof cloth. Then when the little plants come up they must be treated in order to get them to grow fast enough to get them out in the proper time.

Then human fingers pick every stalk, every plant, and carry them to the fields, and then human hands set out every plant. If the weather is dry, every plant must be watered until the roots get hold. When the time comes that the plant begins to ripen the farmer goes out in the field, and, working in the broiling sun, lifts the plants, and they are put in hampers and carried to the barn. Human hands take every leaf and string it up on a stick, and the sticks are then hung on bars in the barn.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. SMITH. Mr. President, I have several amendments. I will talk on an amendment. Then, when the tobacco is put in the barn, for 3 nights and 3 days the curer has no sleep. He works all night long.

Mr. President, it has been suggested to me that in connection with a certain amendment which I have pending I may need my time on the bill. I do not know what the rule is in reference to substitutes. The leader on our side, the Senator from Kentucky [Mr. BARKLEY], says my time is up. I just wanted to convince Senators that they have no idea of the human drudgery necessary to produce what we call flue-cured tobacco. The exemption provided in the amendment is honest and just, and gives some hope to the small tobacco producers.

I reserve my 30 minutes on the bill.

The PRESIDING OFFICER. On the amendment of the Senator from North Carolina [Mr. BAILEY], on page 45, after line 12, the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BARKLEY (when Mr. LOGAN's name was called). I wish to announce that my colleague the junior Senator from Kentucky [Mr. LOGAN] is unavoidably absent. He is paired



with the Senator from Pennsylvania [Mr. DAVIS]. If present, my colleague [Mr. LOGAN] would vote "nay."

Mr. NORRIS (when his name was called). Upon this vote I am paired with the Senator from California [Mr. JOHNSON]. If that Senator were present, he would vote "yea." If I were at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. MINTON. I wish to announce that the Senator from South Carolina [Mr. BYRNES] is detained in an important committee meeting. If present, he would vote "yea."

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. If present, that Senator would vote "nay." I transfer that pair to the junior Senator from New Hampshire [Mr. BRIDGES] and vote "yea." If present, the junior Senator from New Hampshire [Mr. BRIDGES] would vote "yea."

Mr. McNARY. My colleague the junior Senator from Oregon [Mr. STEIWER] is necessarily absent. He is paired with the junior Senator from Georgia [Mr. RUSSELL]. If present, my colleague would vote "yea."

Mr. MINTON. The Senator from Maryland [Mr. TYDINGS] is paired with the Senator from Illinois [Mr. DIETERICH]. If present, the Senator from Maryland would vote "yea", and the Senator from Illinois would vote "nay."

Mr. HALE. I have a general pair with the Senator from South Carolina [Mr. BYRNES]. I am advised that he would vote as I intend to vote, and I therefore vote "yea."

Mr. AUSTIN. I desire to announce that the Senator from Minnesota [Mr. SHIPSTEAD] has a general pair with the Senator from Virginia [Mr. GLASS].

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE], the Senator from West Virginia [Mr. HOLT], and the Senator from Delaware [Mr. HUGHES] are detained from the Senate because of illness.

The junior Senator from New Jersey [Mr. SMATHERS] is detained because of illness in his family.

The Senator from Arizona [Mr. ASHURST], the Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. PITTMAN], and the Senator from Montana [Mr. WHEELER] are unavoidably detained.

The junior Senator from Illinois [Mr. DIETERICH], the Senator from Ohio [Mr. DONAHEY], the senior Senator from Illinois [Mr. LEWIS], the senior Senator from New Jersey [Mr. MOORE], the Senator from Nevada [Mr. McCARRAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Wyoming [Mr. SCHWARTZ], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER] are detained on departmental matters.

The result was announced—yeas 34, nays 36, as follows:

## YEAS—34

Adams	Clark	Harrison	Radcliffe
Andrews	Connally	Johnson, Colo.	Reynolds
Austin	Copeland	King	Smith
Bailey	Davis	Lee	Thomas, Okla.
Bilbo	Frazier	Lodge	Townsend
Borah	George	McNary	Van Nuys
Bulkeley	Gerry	Maloney	Walsh
Burke	Gibson	Miller	
Capper	Hale	O'Mahoney	

## NAYS—36

Bankhead	Duffy	Hitchcock	Neely
Barkley	Ellender	La Follette	Nye
Berry	Gillette	Loung	Overton
Brown, Mich.	Graves	Lundeen	Pepper
Brown, N. H.	Green	McAdoo	Pope
Bulow	Guffey	McGill	Schwellenbach
Byrd	Hatch	McKellar	Sheppard
Caraway	Hayden	Minton	Thomas, Utah
Chavez	Herring	Murray	Truman

## NOT VOTING—26

Ashurst	Holt	Norris	Tydings
Bone	Hughes	Pittman	Vandenberg
Bridges	Johnson, Calif.	Russell	Wagner
Byrnes	Lewis	Schwartz	Wheeler
Dieterich	Logan	Shipstead	White
Donahey	McCarran	Smathers	
Glass	Moore	Steiwer	

So Mr. BAILEY's amendment to the committee amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 45, inserting paragraph (d).

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next amendment of the Committee on Agriculture was, on page 45, after line 12, to insert a subhead "Adjustment and suspension of quotas."

The amendment was agreed to.

The next amendment was, on page 45, after line 13, to insert:

Sec. 43. If the Secretary has reason to believe that any national marketing quota for tobacco will not make a normal supply of tobacco available for marketing during the marketing year for which such quota has been established, he shall cause an immediate investigation to be made with respect thereto, in the course of which due notice and opportunity for public hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact he shall proclaim the same and upon such proclamation the amount of such national marketing quota shall be increased to such amount as he shall have determined upon the basis of such investigation will make available for marketing during such marketing year a normal supply of tobacco and shall announce such increased marketing quota. The amount of such farm marketing quota shall be increased in the same ratio.

Mr. KING. Mr. President, I inquire of the Senator having the tobacco title in charge what fact, if any, must be relied upon or brought to the attention of the Secretary to motivate him in proceeding to make the investigation? The language is "if the Secretary has reason to believe." Is there anything in the bill that calls for the presentation of facts or may he, out of a clear sky, so to speak, affirm that he believes a certain course should be pursued, without any evidence whatever to justify it?

Mr. ELLENDER. On page 46, in paragraph (b) we have an outline of factors which the Secretary must take into consideration. When we reach that paragraph I shall discuss it and offer certain amendments which will be explanatory of the inquiry of the Senator from Utah.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 46, after line 4, to insert:

(b) If the Secretary has reason to believe that because of a national emergency or because of war any national marketing quota for tobacco should be terminated, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding and thereupon such quota shall terminate.

Mr. ELLENDER. Mr. President, I send to the desk an amendment, which I offer.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 46, line 5, after the word "that", it is proposed to insert "and national marketing quota for tobacco should be terminated", so as to read:

If the Secretary has reason to believe that any national marketing quota for tobacco should be terminated because of a national emergency—

And so forth.

The amendment to the amendment was agreed to.

Mr. ELLENDER. I have another amendment to that paragraph, which I offer.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 46, lines 6 and 7, it is proposed to strike out the words "because of war any national marketing quota for tobacco should be terminated" and insert in lieu thereof the following:

A material increase in export demand, or because the total crop as a result of unfavorable conditions of production will be substantially less than the marketing quota therefor—

So as to read:

If the Secretary has reason to believe that any national marketing quota for tobacco should be terminated because of a national emergency or a material increase in export demand, or because the total crop as a result of unfavorable conditions of



production will be substantially less than the marketing quota therefor, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding and thereupon such quota shall terminate.

Mr. KING. Mr. President, I inquire what are the factors which justify the application of the amendment just offered. Who finds the facts?

Mr. ELLENDER. The Secretary does, of course. If there be an increase in export demand then the marketing quota can be terminated, or if because of total failure of growing conditions the Secretary then has a right to terminate the quota.

Mr. KING. I inquire whether there is any definition of the words "material increase"? What is a material increase? Would it be 10 percent or 1 percent or 20 percent? It seems to me the Senator, under this provision, is proposing to give authority to the Secretary of Agriculture, an unlimited authority, too, without any guidepost whatever to determine what is material and what is immaterial. It seems to me it is entirely too great discretion to give to an official of the Government as the basis of action which may affect seriously the grower or the producer or the vendee of tobacco.

Mr. ELLENDER. Under the terms of the bill the Secretary has a certain yardstick by which he must fix the national quota. He also has a yardstick as to how much tobacco should be on hand for domestic consumption. Tobacco that is produced this year usually remains in storage for 2 or 3 years before it is used. Therefore, in establishing a quota the Secretary must be guided by the amount of tobacco that is on hand and needed to maintain a normal supply of tobacco as defined in the bill.

Whenever there is a material increase in export, the Secretary would have the authority to terminate the quota. He would have a yardstick, as provided for in the bill, in that he necessarily would have to take into consideration the increase of tobacco exports above a normal year's exports as defined in the bill.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. AUSTIN. Suppose the Secretary of Agriculture and those interested in the production of tobacco should disagree about the existence of a national emergency. Who would determine that question?

Mr. ELLENDER. The Secretary.

Mr. AUSTIN. So that there would be no opportunity, under this provision of the bill, to disagree with the Secretary?

Mr. ELLENDER. These quotas are fixed from year to year, and of course when the Secretary does fix a marketing quota for any particular year, that must be referred to the tobacco growers for their vote.

Mr. POPE. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. POPE. I call the Senator's attention to page 42, section 41 (a), which refers to the reserve supply level of tobacco. I ask the Senator if that would not be a guide to the Secretary in determining the amount which would be necessary in the case of an emergency of the sort indicated in the provision now under consideration?

Mr. ELLENDER. That is what I explained to the Senator from Utah a few minutes ago. The Secretary would have a yardstick by which to proceed, and I defined what that yardstick was, and, of course, he would be guided thereby.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment proposed by the Senator from Louisiana to the amendment of the committee.

The CHIEF CLERK. On page 46, line 11, it is proposed to strike out "such war or emergency" and insert in lieu thereof the words "such emergency or export demand."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 46, after line 14, to insert:

#### PENALTIES

SEC. 44. (a) Any person who knowingly acquires from a producer tobacco marketed by such producer from a farm in excess of the marketing quota for such farm shall be subject to a penalty of 50 percent of the market price of the tobacco on the date of such acquisition or 3 cents per pound in the case of flue-cured Maryland or burley or 2 cents per pound in the case of all other kinds of tobacco whichever is the higher. If the tobacco is acquired by sale the purchaser may deduct the amount of the penalty from the price which would otherwise be paid for such tobacco. All penalties shall be remitted to the Secretary and shall accrue to the United States.

Mr. ELLENDER. Mr. President, I send to the desk a proposed substitute for the entire section.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to insert, in lieu of the amendment of the committee, on page 46, after line 14, the following:

SEC. 44. (a) The marketing of any tobacco in excess of the marketing quota for the farm on which the tobacco was produced shall be subject to a penalty of 50 percent of the market price of the tobacco on the date of such marketing or if the following rates are higher, 3 cents per pound in the case of flue-cured, Maryland, or burley and 2 cents per pound in the case of all other kinds of tobacco. Such penalty shall be paid by the person who acquires such tobacco from the producer, but an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer in case such tobacco is marketed by sale; or, if the tobacco is marketed by the producer through a warehouseman or other agent, such penalty shall be paid by such warehouseman or agent who may deduct an amount equivalent to the penalty from the price paid to the producer: *Provided*, That in case any tobacco is marketed directly to any person outside the United States the penalty shall be paid and remitted by the producer. All penalties shall be remitted to the Secretary and shall accrue to the United States.

Mr. ELLENDER. Mr. President, the purpose of the amendment is merely to clarify a question as to the amount of penalties on excess marketings which was raised by the Senator from North Carolina when the bill was under debate some time ago, and further to clarify questions as to the persons responsible for payment of the penalty.

Whenever the tobacco is sold for the producer by a warehouseman, then the warehouseman will pay the penalty and deduct it from the sale price of the tobacco and remit direct to the Secretary. In case the tobacco is produced and sold for export, then the penalty is to be paid by the producer himself. This will prevent shipping of tobacco outside of the United States prior to the sale of such tobacco for the purpose of avoiding the penalty.

Mr. KING. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. KING. I am not very familiar with the provision, but as it was read, I gathered that the man who produces the tobacco and sells it is not the guilty man, though he may know that he is violating the law in selling something he should not sell, but the purchaser, who perhaps may be innocent, is the one who is condemned and is to pay the penalty; but the tobacco grower is to be immune from prosecution. Is that the purpose of the amendment?

Mr. ELLENDER. Mr. President, that is not the intent of it at all. As I interpret the amendment, the penalty imposed is to be deducted from the purchase price of the tobacco, and the producer of the tobacco is the one who is really to be penalized.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment of the committee was, on page 47, after line 2, to insert the following:



(b) All persons, in whatever capacity acting, including producers, warehousemen, processors of tobacco, and common carriers and persons engaged in the business of purchasing tobacco from farmers, or of redrying, prizing, or stemming tobacco for farmers, shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500.

Mr. BAILEY. Mr. President, I send an amendment to the desk which I desire to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 47, after line 2, it is proposed to insert the following:

(e) In making allotments hereunder with respect to bright tobacco the officers administering this act shall not reduce the quota of a farmer living on his farm and deriving his livelihood therefrom more than 10 percent of his 10-year average if such average is 15,000 pounds or less, and if his 10-year average is 10,000 pounds or less his quota shall not be reduced more than 5 percent, provided in either case such farmer shall comply with the soil-conservation policy.

Mr. BAILEY. It is simply changing the 15,000 to 12,000.

Mr. BARKLEY. That simply changes the 15,000 to 12,000. I suggest that it go over until tomorrow, if the Senator from North Carolina does not object.

Mr. BAILEY. Very well.

Mr. BARKLEY. I hope we can finish the tobacco sections tonight, with the understanding that this amendment shall go over until tomorrow.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next committee amendment was, on page 47, line 3, to insert:

(b) All persons, in whatever capacity acting, including producers, warehousemen, processors of tobacco, and common carriers and persons engaged in the business of purchasing tobacco from farmers, or of redrying, prizing, or stemming tobacco for farmers, shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500.

Mr. BARKLEY. Mr. President, in line 4 I move to strike out the word "producers."

This section requires certain reports from all persons, in whatever capacity acting, including producers, warehousemen, processors, common carriers, and others; and the reports which are required cannot be filed with the Secretary except by those who have some form of bookkeeping. We all know that the average farmer keeps no books. It seems to me that in harmony with what we have already done with respect to other parts of the bill, the word "producers" ought to be eliminated. I move that it be eliminated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. BARKLEY. On the same page, line 23, I move to strike out the figures "500" and insert "100." That amend-

ment is in harmony with what the authors of the bill have indicated will be done when we get to it in respect to the penalties in other sections of the bill, which will not be reached until the committee amendments are agreed to. This, however, is the place to handle this particular matter; and I therefore move to strike out the figures "500", and to insert in lieu thereof the figures "100."

Mr. MCGILL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. MCGILL. In order that there may be no misunderstanding about the matter, I will say that the penalties in other provisions of the bill with reference to buyers, warehousemen, and so forth, are \$1,000 fine; but we have an amendment pending to strike out all penalties with reference to producers. So reducing the penalty from \$500 to \$100 on warehousemen, producers, and so forth, will be materially different from what we shall have in the original bill.

Mr. BARKLEY. Mr. President, I thought the Senators agreed the other day that when that part of the bill was reached, which was a part of the regular text, a motion would be made on the part of the sponsors of the bill to reduce the amount.

Mr. MCGILL. If the Senator will look at pages 29 and 30, he will notice that section (d), beginning on page 29, reads:

Any person engaged in the business of purchasing wheat or corn from farmers or of processing—

And so forth. At the end of that paragraph, on page 30, the Senator will see that the fine imposed on such persons may be as much as \$1,000; but with reference to farmers or producers, in the next section, where there was a \$100 fine for not making reports or keeping records, the amendment pending is to strike out the penalty of \$100.

Mr. BARKLEY. If we should adopt the amendment I have just offered, it would make this provision as to the others—processors and buyers and handlers and rehandlers of tobacco—more out of line than it is now with the corresponding requirement as to wheat and corn. Is that true?

Mr. MCGILL. That is correct.

Mr. BARKLEY. That being so, I will withdraw the amendment as to the penalty; but the word "producers" has been stricken out.

The PRESIDING OFFICER. The question is on agreeing to subdivision (b) on page 47, as amended.

Mr. KING. Mr. President, I understand that the Senator from Kentucky has withdrawn his motion to strike out "500" and insert in lieu thereof "100."

The PRESIDING OFFICER. The Senator from Kentucky has withdrawn the motion.

Mr. KING. I should like to renew the motion and have it considered tomorrow, that on page 47, line 23, the figure "500" be stricken out and the figure "100" inserted.

Mr. BARKLEY. Does the Senator desire a vote on the motion now?

Mr. KING. I think it would be better to wait until tomorrow, and have a larger attendance of Senators.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

Mr. KING. Mr. President, I do not desire to ask for a quorum call now. I ask the Senator to let my amendment go over until tomorrow, to be considered fully then.

Mr. BARKLEY. I understand, then, that the amendment offered by the Senator from North Carolina [Mr. BAILEY] and the amendment offered by the Senator from Utah [Mr. KING] will go over until tomorrow.

Mr. MCGILL. The amendment offered by the Senator from Kentucky strikes out the word "producers."

Mr. BARKLEY. Yes. That amendment has been acted upon.

The PRESIDING OFFICER. The next committee amendment will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 47, to insert subdivision (c), as follows:

(c) The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of



this section. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this section. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

Mr. POPE. Mr. President, in connection with the remarks made by the Senator from Kentucky [Mr. BARKLEY] a few minutes ago, and by the Senator from Utah [Mr. KING], I will say that I expect to offer an amendment on page 30 with reference to the penalty provision of \$1,000. In order to make it consistent with the provision as to tobacco, I shall, at the appropriate time, move to strike out "\$1,000" and insert "\$500."

Mr. REYNOLDS. Mr. President, while we are discussing the tobacco provisions of the bill, I should like to have the opportunity of sending to the desk an amendment, which I desire to offer as a substitute for section 44 of the bill, on page 46. I ask that the amendment be printed and that it lie on the table, so that I may take it up and discuss its features tomorrow.

The PRESIDING OFFICER. The amendment will be printed and lie on the table. The question is on agreeing to the committee amendment designated as subsection (c), on page 47.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 48, to insert a new subsection, as follows:

(d) All information reported to or acquired by the Secretary pursuant to this section shall be kept confidential by the Department, except that such information as the Secretary deems relevant may be disclosed in a suit or administrative hearing involving the administration of this title.

Mr. ELLENDER obtained the floor.

Mr. REYNOLDS. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield.

Mr. REYNOLDS. I am desirous of offering the amendment which I mentioned a moment ago and sent to the desk, which I propose as a substitute for section 44 of the bill on page 46. I have been advised that page 46 of the bill has been passed, and, as a result thereof, that I would not be placed in a favorable position for the consideration of my amendment by having it printed and placed on the desk tomorrow. Therefore, if it is proper, I ask unanimous consent that my amendment be now considered. It is a very simple amendment. It will require no discussion whatsoever.

Mr. ELLENDER. Mr. President, I may state to the Senator from North Carolina that section 44 as written has been stricken from the bill and an entirely new section written, and I suggest that he look at that new section. It may cover the point he has spoken of.

Mr. BARKLEY. The Senator offered a substitute, which was adopted, for Section 44 (a) but not for subsections (b), (c), or (d). The substitute for section 44 (a) was agreed to a while ago.

Mr. REYNOLDS. Mr. President, I ask the Senator from Louisiana what words were embodied in that section.

Mr. ELLENDER. The purpose of the amendment, as I explained a while ago, is to make it clear that the penalty applies on all tobacco marketed in excess of farm marketing quotas, that the penalty is to be paid by the purchaser or warehouseman, and that it may be deducted by the purchaser or warehouseman from the price paid to the producer. It provides for fitting the method of penalty payments to the mechanics of the industry. That is, the easiest place to determine penalties, as I understand it, is at the time of sale and the person in the best position to pay the penalty is the warehouseman or purchaser.

Mr. REYNOLDS. Will the Senator accept an amendment to this effect? Under the bill as at present written the

penalties are to be paid by the purchaser of the tobacco. That is manifestly unfair because the man who purchases the tobacco does not know whether the producer has violated the provisions of the law or not. I suggest that the penalty be paid by the producer, because he knows whether or not he has violated the law. The man who buys the tobacco does not know whether or not the producer has violated the law, because he has no way to ascertain whether the man has produced more tobacco than he had a right under the law to produce.

Mr. ELLENDER. I think the Senator will find that the amendment itself provides for that contingency.

Mr. REYNOLDS. Does it provide that the penalty shall be paid by the purchaser?

Mr. BARKLEY. The purchaser must have knowledge of the violation brought home to him.

Mr. REYNOLDS. Why not spare the court and the Government the expense of trying the man? All court procedure and trial could be eliminated by the simple substitution of the words employed in my amendment, providing that the penalty, if any, shall be paid by the man who produces the tobacco. The man who produces the tobacco is the man who knowingly violates the law. Will the Senator accept such an amendment?

Mr. ELLENDER. I suggest that the entire matter go over until tomorrow.

Mr. REYNOLDS. If I shall not lose anything by going over, that would be agreeable to me.

Mr. ELLENDER. The Senator will not lose such rights as he may have at present.

The PRESIDING OFFICER. The matter will go over with that understanding. The question is on agreeing to the committee amendment on page 48 inserting paragraph (d).

The amendment was agreed to.

Mr. ELLENDER. At this point I desire to offer an amendment to insert a new paragraph.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 48, after line 13, it is proposed to insert the following:

(e) The Secretary of Agriculture shall prescribe (1) regulations with respect to the time and manner of the payment of the penalties provided for in subsection (a); (2) regulations with respect to the identification of marketings of tobacco; and (3) such other regulations as he deems necessary for the enforcement of the provisions of this section.

The amendment was agreed to.

Mr. BARKLEY. Mr. President, that concludes the tobacco title except as to the amendments which have gone over. Is not that correct?

The PRESIDING OFFICER. That is correct.

#### EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### REPORTS OF COMMITTEE ON POST OFFICES AND POST ROADS

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters, which were ordered to be placed on the Executive Calendar.

The PRESIDING OFFICER (Mr. HERRING in the chair). If there be no further reports of committees, the clerk will state in order the nominations on the Executive Calendar.

#### THE JUDICIARY

The legislative clerk read the nomination of Joseph R. Jackson, of New York, to be associate judge, United States Court of Customs and Patent Appeals.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Henry White Edgerton, of New York, to be associate justice of the United States Court of Appeals for the District of Columbia.



The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of FRED M. VINSON, of Kentucky, to be associate justice, United States Court of Appeals for the District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John P. McMahon, of the District of Columbia, to be judge of the police court for the District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the Executive Calendar.

#### RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 33 minutes p. m.) the Senate took a recess until tomorrow, Friday, December 10, 1937, at 12 o'clock meridian.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate December 9 (legislative day of November 16), 1937*

##### UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

Joseph R. Jackson to be associate judge, United States Court of Customs and Patent Appeals.

##### UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA

Henry White Edgerton to be an associate justice, United States Court of Appeals for the District of Columbia.

FRED M. VINSON to be an associate justice, United States Court of Appeals for the District of Columbia.

##### POLICE COURT FOR THE DISTRICT OF COLUMBIA

John P. McMahon to be judge of the police court for the District of Columbia.

## HOUSE OF REPRESENTATIVES

THURSDAY, DECEMBER 9, 1937

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Drawn by the countless memories of Thy mercy, our Father, we seek these moments of prayer. Thou who art the font whence flow the cleansing streams of the higher life, be pleased to forgive us our sins. Do Thou preserve our going out and our coming in from this time forth and forevermore. Clothe us with that strength that comes from knowledge, conviction, and courage that we may stand for the right. Heavenly Father, when we live by rectitude, by justice, and by honesty, we are secure in the presence of temptation, pride, and false presumption. By example and precept may we be better men, better neighbors, and better citizens. We pray that the spirit of our Lord and Savior may lift us above all littleness, all narrowness, and all untruth. In His holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### EXTENSION OF REMARKS

Mr. ANDERSON of Missouri. Mr. Speaker, I renew my request to extend my remarks in the RECORD by including therein a statement of Mr. Albert L. Dean. I have an estimate from the printer and the cost of printing will be \$630.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. DIES. Mr. Speaker, I ask unanimous consent to insert in the CONGRESSIONAL RECORD a statement by H. C. Fleming, president of the Oil Workers' International Union,

giving the grounds of the opposition of that organization to the pending wage and hour bill, and also to include therein an amendment proposed by him.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SHAFER of Michigan asked and was given permission to extend his own remarks in the RECORD.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that the gentlewoman from Massachusetts [Mrs. ROGERS], who has been assigned time to address the House today, may be permitted to speak tomorrow following the special orders already entered.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### THE FARM BILL

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8505, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. ANDRESEN of Minnesota. Mr. Chairman, we have some important amendments coming up and there are very few Members present. I therefore make the point of order there is not a quorum present.

Mr. JONES. Mr. Chairman, I think the Members will gather in a little while, and I wonder if we might have, perhaps, a little discussion or dispose of some other amendments that are not controversial.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I withhold the point temporarily.

Mr. RICH. Mr. Chairman, does not the gentleman think we ought to have more than a dozen Members here when we are discussing this farm bill?

Mr. JONES. Of course, the gentleman can be the judge of that, but if the gentleman wants to insist on the point of order—

Mr. RICH. Mr. Chairman, it seems to me we ought to have more Members here, but I shall not insist on the point of order.

The CHAIRMAN. When the Committee rose on yesterday three amendments had been offered, and, by unanimous consent, their consideration went over until today. One amendment was offered by the gentleman from Wisconsin [Mr. REILLY], another by the gentleman from Kansas [Mr. CARLSON], and the third by the gentleman from Minnesota [Mr. ANDRESEN].

Mr. JONES. Mr. Chairman, I ask unanimous consent, notwithstanding the pending amendments, that the Committee may consider an amendment which will be offered by the gentleman from Iowa [Mr. GILCHRIST].

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GILCHRIST. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST: On page 39, line 7, strike out the first two sentences in paragraph (b), down to and including the word "amount" in line 16, and insert:

"A farmer shall be presumed to have complied with his farm-marketing quota with respect to any crop as long as there is stored under seal on his farm or in a storage crib rented by him or under his control an amount of field corn equal to the storage amount applicable to his crop, as ascertained under section 324.